

ANNUAL REPORT

ANNUAL REPORT FOR THE YEAR ENDED

30 JUNE 2015

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

TABLE OF CONTENTS

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 7

COMPONENT A: MAYOR'S FOREWORD 7

COMPONENT B: EXECUTIVE SUMMARY 9

1.1 MUNICIPAL MANAGER'S OVERVIEW 9

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW 12

1.2 SERVICE DELIVERY OVERVIEW 16

1.3 FINANCIAL HEALTH OVERVIEW 17

1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW 17

CHAPTER 2 - GOVERNANCE 19

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE 19

2.1 POLITICAL GOVERNANCE 19

2.2 ADMINISTRATIVE GOVERNANCE 22

COMPONENT B: INTERGOVERNMENTAL RELATIONS 29

2.3 INTERGOVERNMENTAL RELATIONS 29

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 29

2.4 PUBLIC MEETINGS 30

2.5 IDP PARTICIPATION AND ALIGNMENT 36

COMPONENT D: CORPORATE GOVERNANCE 36

2.6 RISK MANAGEMENT 36

2.7 ANTI-CORRUPTION AND FRAUD 36

2.8 SUPPLY CHAIN MANAGEMENT 37

2.9 BY-LAWS 37

2.10. WEBSITES 38

2.11. PUBLIC SATISFACTION ON MUNICPAL SERVICES 39

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 40

COMPONENT A: BASIC SERVICES 40

3.1. WATER AND WASTEWATER (SANITATION) PROVISION 40
3.2 ELECTRICITY 40
3.3. WASTE MANAGEMENT 48
3.4 HOUSING 51
3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT 52

COMPONENT B: ROAD TRANSPORT 53
3.6 ROADS 53
3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) 56
3.8 WASTE WATER (STORMWATER DRAINAGE) 57

COMPONENT C: PLANNING AND DEVELOPMENT 57
3.9. PLANNING 57
3.10. LOCAL ECONOMIC DEVELOPMENT 58

COMPONENT D: COMMUNITY & SOCIAL SERVICES 65
3.11 LIBRARIES; ARCHIVES; MUSEUMS; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) 65
3.12 CEMETERIES AND CREMATORIUMS 65
3.13 SPECIAL PROGRAMS 66

ACTIVITIES 67

PROGRESS 67

COMPONENT E: ENVIRONMENTAL PROTECTION 77
3.14 POLLUTION CONTROL 77

COMPONENT F: HEALTH 77
3.15 CLINICS 77
3.16 AMBULANCE SERVICES 78
3.17 HEALTH INSPECTION; FOOD AND ABATOIR LICENSING AND INSPECTION; ETC 78

COMPONENT G: SECURITY AND SAFETY 78
3.18 POLICE 78
3.19 FIRE 80

COMPONENT H: SPORT AND RECREATION 80
3.20 SPORT AND RECREATION 80

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES 83

3.21 EXECUTIVE AND COUNCIL 83

3.22 FINANCIAL SERVICES 83

3.23 HUMAN RESOURCE SERVICES 84

3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES 85

3.27 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES 87

ANNUAL 2014/2015 PERFORMANCE ANALYSIS REPORT 200

DEPARTMENTAL ANALYSIS OF TARGETS ACHIEVEMENT 200

1. MUNICIPAL MANAGER'S OFFICE 200

2. STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT 200

3. COMMUNITY SERVICES 200

4. BUDGET AND TREASURY 200

5. CORPORATE SERVICES 201

6. INFRASTRUCTURE PLANNING 201

ANNUAL 2014/2015 DEPARTMENTAL PERFORMANCE ACHIEVEMENT ANALYSIS 201

ANNUAL 2014/2015 INSTITUTIONAL PERFORMANCE ACHIEVEMENT ANALYSIS 202

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) 203

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL 203

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES 204

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE 206

4.2 POLICIES 206

4.3 INJURIES, SICKNESS AND SUSPENSIONS 207

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE 208

4.5 SKILLS DEVELOPMENT AND TRAINING 209

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE 210

4.6 EMPLOYEE EXPENDITURE 210

CHAPTER 5 – FINANCIAL PERFORMANCE 211

COMPONENT A: ANNUAL FINANCIAL STATEMENTS 211

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS 221

1.1. BASIS OF PREPARATION....221
1.2. PRESENTATION CURRENCY....221
1.3. GOING CONCERN ASSUMPTION....221
1.4. COMPARATIVE INFORMATION....221
1.5 AMENDED DISCLOSURE POLICY....222
1.6. MATERIALITY....222
1.7. PRESENTATION OF BUDGET INFORMATION....222
1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE222
1.9. LEASES....225
1.12. PROVISIONS....227
1.13. EMPLOYEE BENEFITS....228
1.14. PROPERTY, PLANT AND EQUIPMENT....230

Years 231

Land and Buildings 231

Buildings 20 - 100 231

Capitalised Restoration Costs 20....231

Infrastructure 231

Electricity 6 - 50....231

Roads, Pavements, Bridges & Storm Water 5 -120 231

Leased Assets 231

Office Equipment 3 - 7....231

Other Assets 231

Furniture & Fittings 3 - 15....231

Motor Vehicles 5 - 12 231

Computer Equipment 3 - 12....231

Plant and Machinery 5 – 10 231

Security 5 231

1.15. INTANGIBLE ASSETS....232
1.16. INVESTMENT PROPERTY....233

1.17 BORROWING COSTS....235
1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS....235
1.19. INVENTORIES....238
1.20. FINANCIAL INSTRUMENTS....239
1.21 STATUTORY RECEIVABLES....241
1.22. REVENUE....243
1.23. RELATED PARTIES....246
1.24. UNAUTHORISED EXPENDITURE....247
1.25. IRREGULAR EXPENDITURE....247
1.26. FRUITLESS AND WASTEFUL EXPENDITURE....247
1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS....248
1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES....248
1.29. TAXES – VALUE ADDED TAX....251
1.30. CAPITAL COMMITMENTS....251
1.31. EVENTS AFTER REPORTING DATE....251

COMPONENT A: FINANCIAL OVERVIEW....287
5.1 Budget management....287
5.2 Expenditure management....287
5.3 Revenue management....288
5.4 Asset and liability management....288
5.5 Cash management....288
5.6 Grant management....289

COMPONENT C: OPERATING RATIOS....289

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS....290

COMPONENT A: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1 (PRIOR YEAR)....290

COMPONENT B: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -0 (CURRENT YEAR)....294

COMPONENT C: AUDIT RESPONSE PLAN....300

APPENDIX A – COUNCILLORS; WARD AND/ OR PARTY REPRESENTED AND COUNCIL ATTENDANCE....316

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES....318

SECTION 79 COMMITTEES....319

SECTION 80 COMMITTEES....320

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY 322

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 324

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.....333

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS.....334

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



a. Vision:

Our vision is that of "A leading rural municipality that delivers a better quality of life for all citizens; a municipality that is phenomenally viable, highly successful and passionately people-centered."

We will fulfill this vision through:

- Councillors that deliver satisfactory services, officials that implement quality service, and communities that are happy with the service.
- Fulfillment of its constitutional obligations,
- Becoming a change agent – always striving to change the lives of its community,
- Committed leaders who serve communities with excellence,
- A developmental public entity that creates vibrant communities,
- A cutting edge, quality and effective people-centered services,
- Corruption-busting that sets the world's new standards on how to run a clean municipality and set an example of ethical leadership across all sectors.

Our **mission** is to operate a rural municipality that delivers excellent services to its people who remain its priority in everything that it does; is financially viable, has good governance, is transformed and developmental, is clean, green and sustainable.

_____

Cllr. N.R. Lengs
Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



As we are reaching the end of term of the current Council, we look back with pride at what the municipality has achieved thus far. There is also a sense of trepidation as the municipality has not achieved all that it set to achieve when it assumed office. At assumption of office in 2011, the Municipal Council set a number of strategic objectives that were to be achieved over its term of office. The strategic objectives were the following: -

- Achieve financial viability, evinced by a current ratio of 2:1
- Excellent delivery of services, in terms of which 90% of communities would have access to all basic services
- Empowered business communities that are able to start and sustain vibrant businesses
- Cleanest and greenest towns in the in the Eastern Cape
- Achieved 90 – 100% literacy and numeracy levels of the community
- Embodiment of good governance, evinced by clean audit reports, no fraud and no corruption

At 30 June 2015, the current ratio is reported at 1,83:1, a bit less than what was projected in the municipal strategy but, however, falling within the band of 1,5 -2:1 prescribed by National Treasury's circular number MFMA 71. Importantly, the ratio is an improvement from the 2013/2014 audited outcome of 0, 98:1.

Whilst numerous strides have been made to improve access to basic services, this remains an area of great concern for the municipality. The lack of access is neither due to lack of political will and administrative aptitude, but rather due to historical political factors and the inadequate allocation of financial resources from the national fiscus. Notably, our municipality's incessant calls for the national government to pay particular attention to the electricity coverage of the municipality has yielded

somewhat positive results, with the allocation of an amount of R60 million towards rural electrification over the 2015/16 – 2017/18 medium term expenditure framework (MTEF). A significant amount of rural electrical connections and supporting infrastructure stands to be achieved over the MTEF.

The drought currently ravaging our landscape is a serious concern, as even those communities that have enjoyed access to clean water are now in a desperate situation. The prevailing climatic conditions had by September 2015 resulted in the Maclear dam, and the subsidiary Aucamp dam, drying up and by December 2015, the entire town has been reliant on water being carted by the Joe Gqabi District Municipality (JGDM). The Tina dam in Mt Fletcher, which supplies the Mt Fletcher town and surrounding townships and villages, has experienced heavy silting, limiting the supply of water to the beneficiaries. The interventions by the Department of Water and Sanitation as well as the JGDM are acknowledged and can only serve to alleviate the drought situation.

Various local economic development initiatives have been undertaken by the municipal council and will hopeful dent the spiralling unemployment in our municipality. There is hope in the horizon, in as far as the property development in Mt Fletcher is concerned. So far, a council resolution for the cross transfer of ownership of properties between the Elundini Municipality and the national Department of Public Works have been taken, and the municipality has signed the agreement that will facilitate this transfer, now awaiting signature by the department. Upon signature by the department's representatives and the procurement of relevant personnel, the development of erven 245 and 246 in Mt Fletcher is expected to start in earnest. As regards the furniture manufacturing concern in Ugie, which is a downstream commercial activity from the PG Bison manufacturing plant and initiated by the municipality a couple of years ago, things have begun to shape up. The Industrial Development Corporation has committed to support this initiative and has pledged no less than R5million towards the full commercial operationalization of the entity.

The municipality's construction procurement strategy has also been implemented with effect from the 2015/2016 financial year and, in terms of the secondary objectives outlined therein, local entrepreneurs operating in the field of infrastructure development are expected to fully participate as sub-contractors, with a guaranteed percentage of the MIG spend in a given time period. Last but not least, processes to operationalize the cooperative development centre are underway and, as it is generally accepted, cooperatives play a great role in the economy.

All these initiatives, and many more not mentioned, will significantly address employment creation and poverty alleviation within the Elundini Municipality.

During this term, there has only been one invitation to the Elundini Municipality to participate in a "greenest town" competition. On the advice of technocrats, this invitation was turned down, for the reason that the municipality had not done much in terms of developing strategies that would lead to the realisation of the "Cleanest and Greenest Town in the Eastern Cape" objective. Critically, though, a number of initiatives are noted, including the conclusion of a Public Private Partnership for the operation of the municipality's solid waste sites as well as significant investments in plant and equipment. In due course, these initiatives should lead to the realisation of council's objective.

During 2012, Council embraced the Mayor's Social Intervention programme. In terms of this programme, the municipality assists Elundini born and nurtured young people who have done well in

their Grade 12 results, and offer them bursaries in fields that can boost the socio-economic wellbeing of the municipality. Other initiatives are the “Adopt a School” programme as well as the “Bridge of Hope”. These, as well as many other interventions, were directed at alleviating the levels of illiteracy and poor numeracy skills within the municipality. Whilst the existing levels may not have been significantly dented, the municipality remains proud of its contribution in this regard.

The principles of good governance have underpinned the operations of the municipality throughout. Whilst the municipality has fallen short of achieving a “clean” audit opinion, it nevertheless remains proud to have garnered five (5) consecutive unqualified audit reports. The areas of concern, predominantly, have had to do with compliance with the provisions of Section 32 of the Municipal Finance Management Act (Act 56 of 2003) – unauthorised, irregular, fruitless and wasteful expenditure. These are areas that the municipality must progressively address to achieve the elusive “clean audit” opinion. Importantly, though, no instances of fraud and corruption have been noted during the term of council, whilst the basic tenets of democracy, evinced by strong and functioning ward committees, the employment of community participation liaison workers to support village community meetings, etc., have been remarkable visible.

The levels of employee turnover at Section 57 Manager level have been uncharacteristically high. During the period 1 July 2014 to 30 June 2015 the municipality did not have a Chief Financial Officer, while the position of Community Services Manager has remained vacant since January 2015, following the untimely demise of the then incumbent. Evidently, such prolonged vacancies have an impact on the attainment of Council’s objectives.

The Elundini Municipality remains a leading rural municipality that delivers a better quality of life for its citizens; a municipality that is phenomenally viable, highly successful and passionately people centred.

_____

Khaya Gashi
Municipal Manager

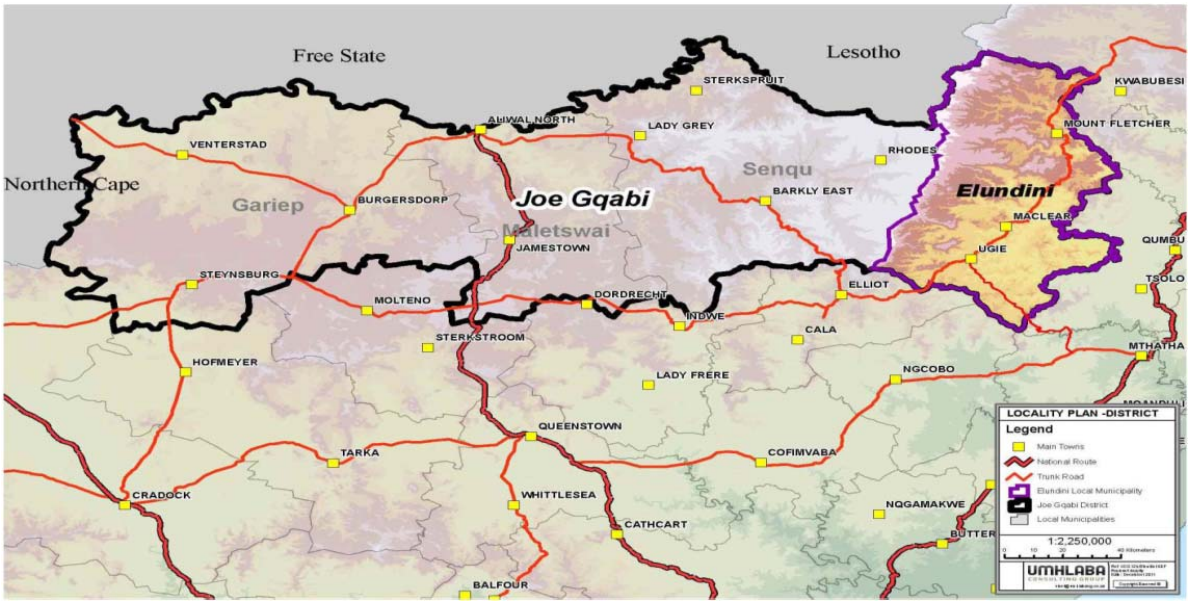
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The functions of the Elundini Municipality are derived from schedules 4B and 5B of the Constitution of the Republic of South Africa, read in conjunction with section 84 of the Local Government: Municipal Structures Act (Act No 117 of 1998). The specific functions performed by the Elundini Municipality are listed in **appendix B**

Elundini Municipal area covers an area of 5 064km^2 and is divided into 17 wards. It is located in the east of the Joe Gqabi District Municipality and shares boundaries with the following local municipalities:

- Umzimvubu and Matatiele to the northeast,
- Mhlontlo to the east,
- Engcobo to the south
- Sakhisizwe to the southwest, and
- Senqu to the west.
- Lesotho is situated on the north western borders of the municipality.

The map below depicts the geographical area of the municipality:



Source: Elundini IDP 2014/2015

The municipality has three towns namely: Mount Fletcher, Maclear and Ugie, and is characterized by vast farming areas in the areas surrounding Maclear and Ugie as well as the Pitseng area in Mt Fletcher. The majority of the municipality's inhabitants reside in rural villages situated in the foothills of Maluti Mountains and Southern Drakensburg Range as well as the rural villages inherited through the demarcation process from the magisterial districts of Tsolo and Qumbu. The R56 runs through Elundini Municipal area linking the three towns with KwaZulu–Natal to the north and Queenstown to the south.

According to the Census 2011 results, Elundini Municipality has an estimated population of 138 141 inhabitants residing in 37 854 households. Over 10 year period from 2001 to 2011, the population of the Elundini Municipality has grown marginally by 0.05% (Census 2011). The female population in Elundini make up 52.6% of the total figure and male population constitute 47.4% of the total population.

Since the last census, the share of the Elundini Municipality in the total population of the Joe Gqabi District Municipality has declined marginally from 40, 2% to 39, 5%, and this phenomenon could be attributed to the re-demarcation of the municipal boundaries of the Elundini Municipality.

The table below depicts the population increase between Censuses 2001 and 2011:

AREA	**POPULATION CHANGES**				
	2001	**% of district**	**2011**	**% of district**	**% increase**
Elundini LM	137 394	40, 2%	138 141	39, 5%	0.05%
Joe Gqabi DM	341 750	100%	349 768	100%	0.23%

The table below depicts the population distribution of the Elundini Municipality per ward:

Ward s	Population	%	Households	%
Ward 1	9459	6.8	2552	6.7
Ward 2	9859	7.1	3265	8.6
Ward 3	8131	5,9	2298	6,7
Ward 4	6946	5.0	1900	5,0
Ward 5	8447	6,1	2209	5,8
Ward 6	5433	3,9	1612	4,2
Ward 7	7598	5,5	2245	5,9
Ward 8	6391	4,6	1743	4,6
Ward 9	11 223	8,2	3713	9,8
Ward10	8845	6,4	2138	5,6
Ward 11	8649	6,3	1617	4,2
Ward 12	7760	5,6	2072	5,4
Ward 13	9557	6,9	2315	6,1
Ward 14	6931	5,0	1634	4,3
Ward 15	8632	6,2	2415	6,4
Ward 16	7315	5,2	2000	5,2
Ward 17	6966	5,0	2128	5,7
Total	**138141**	**100%**	**37854**	**100%**

From the table above, it can be noticed that the most populated ward in Elundini is ward 9 followed by ward 2, ward 13 and ward 1. The same trend is found with the number of households. Ward 9 has large number of houses followed by ward 2 and ward 1.

As depicted by the table below, the Elundini population is characterised by a younger population which constitute a percentage of 67, 8% of the total population where the population group between the ages of 15 – 34 constitute 32, 4% and the ages between 0 – 14 constitute 35, 4%.

AGE GROUP	FEMALE	MALE	TOTAL
0 – 4	7949	8188	16137
5 – 9	7829	8164	15993
10 – 14	7866	8860	16726
15 – 19	8166	9013	17180
20 – 24	5746	6441	12187
25 – 29	4302	4397	8699
30 – 34	3453	3189	6641
35 – 39	3512	2743	6256
40 – 44	3387	2210	5597
45 – 49	3508	2074	5582
50 – 54	3587	2120	5707
55 – 59	3189	2095	5285
60 – 64	2804	1938	4742
65 +	7360	4050	11409
TOTAL	**72658**	**65482**	**138141**

The table below depicts the socio-economic status of the municipality during the year under review:

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	40, 2%	48%	15%	8, 4%
Year 0	21%	24%	40, 2%	52%	20%	8, 4%

1.2 SERVICE DELIVERY OVERVIEW

The rural nature of the Elundini Municipality means that the municipality continues to be confronted by huge infrastructure backlogs that at times make it difficult for the municipality to provide services to its communities. The areas of backlog remain the rural electrification, access of roads and the maintenance of roads in urban areas. To overcome the challenge the municipality has submitted the Electrification Master Plan to the Department of Energy for assistance. It also intends to access the front loading funding from DBSA for electrification and access roads.

In year 2013/2014 the municipality had to do a forward planning which will ensure that the infrastructure grant is fully spent in 2014/2015. The capacity of the service providers for infrastructure development in the area also had a negative impact in the capital spending of the municipality hence the municipality has developed a construction procurement strategy which its draft is in place and will be implemented in 2015/2016 which will allow smooth procurement processes for infrastructure projects in the municipality.

Paragraph 3.2 below provides a status quo on the electrification of rural homesteads in Elundini Municipality.

The municipality has also developed a Storm water Master Plan which has been adopted by the council.
The refuse removal service only focuses in the CBD and peri-urban areas of ELM. The municipality provides a weekly waste collection service to all the households and daily service to businesses in Maclear, Ugie and Mt. Fletcher. Receptacle bins/black bags are supplied to residents. There are skips (large yellow bins) and sidewalk bins placed at strategic points in Mt. Fletcher, Ugie and Maclear. In residential areas, bags are placed on the kerb outside the house and collected from there by municipality.

The municipality provides a weekly refuse removal service to only 11% of the households within its service areas and does not provide rural waste service. The majority of households in rural areas either bury (make use of their own refuse dumps) or burn their waste.

The ELM has three permitted landfill sites in Maclear, Ugie and Mt. Fletcher which started operating in 2005. On 30 May 2013, the municipality entered into a Public Private Partnership agreement with Interwaste (PTY) Ltd who is responsible for the operation and maintenance of the two landfill sites, the third one has been integrated into the PPP with effect from 1 July 2015.

The Department of Economic Development, Environmental Affairs and Tourism is funding the construction of a Material Recovery Facility (MRF) in Ugie landfill site, which forms part of the recycling component of waste management and will contribute towards local economic development and increase the lifespan of landfill sites.

The municipality no longer provides water related services as the function was taken over by Joe Gqabi District Municipality as from 01 July 2012.

1.3 FINANCIAL HEALTH OVERVIEW

This section has been presented in Chapter 5 of the document.

1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

The main administrative unit of the ELM, where all municipal departments are located, is situated in Maclear with two (2) other administrative units (satellites offices) found in Ugie and Mt Fletcher.

As at 30 June 2015, the ELM's Organogram reflected a total number of 263 positions with 242 positions filled with the remaining 21 positions vacant, equaling to 7.9% vacancy rate as compared to the 20.9% vacancy rate in the last financial year. Now that the Council has reviewed the organizational structure, only one (1) new budgeted vacancy will be filled in the financial year 2015/2016; additional to these will be nine vacancies which were left vacant through resignations and other reasons.

Critically to mention is that the position of the Chief Financial Officer was only filled on 01 July 2015 and the position of the Manager: Community Services is still yet to be filled but the municipality is still busy with the process of recruitment.

The position of Municipal Manager and other Section 56 positions as well as the majority of assistant manager positions have been filled.

The table below depicts 2014/2015 status quo per department:

DEPARTMENT	NO. OF POSTS	NO. OF FILLED POSITIONS	VACANCIES	% of Vacancies
MM's Office	22	21	1	4.5%
Infrastructure Planning and Development	43	40	3	6.9%
Budget and Treasury	32	27	5	15.6%
Community Services	114	105	9	7.8%
Corporate Services	39	37	2	5.1%
Strategic Planning and Economic Development	13	12	1	7.6%
TOTAL	263	242	21	7.9%

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

In terms of Section 151 (2) of the Constitution of the Republic of South Africa, 1996, the executive and legislative authority of a municipal council is vested in its municipal council. Section 11 (1) of the Local Government: Municipal Systems Act (Act No 32 of 2000), stipulates that the executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all the decisions of the municipality subject to Section 59.

In terms of Section 59 of the Municipal Systems Act, a municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances and, in accordance with that system, may: -

a) Delegate appropriate powers, excluding a power mentioned in section 160 (2) of the Constitution and the power to set tariffs, to decide to enter into a service delivery agreement in terms of section 76(b) and to approve or amend the municipality's integrated development plan, to any of the municipality's other political structures, political office bearers, councillors and staff members;
b) Instruct any such political structure, political office bearer, councillor, or staff member to perform any of the municipality's duties; and
c) Withdraw any delegation or instruction.

The Elundini Municipality is a collective executive system combined with a ward participatory system. The original powers of the executive committee are outlined in section 44 of the Local Government: Municipal Structures Act (Act No 117 of 1998). The municipality has, in terms of Section 53 of the Municipal Systems Act, defined the role and area of responsibility of each political structure, political office bearer and the municipal manager. In terms of the municipality's Policy on Roles and Responsibilities and the Delegation of Power, as well as the delegations register, Council has devolved certain decision making powers (apart from those directly assigned by legislation) to the Executive Committee, the Mayor, the Speaker and the Municipal Manager.

The Speaker is the chairperson of the municipal council, the Mayor is the chairperson of the Executive Committee and the Municipal Manager is the head of administration

The political party composition of the Municipal Council is as follows: -

Political Party representation	During the year under review	
	Number	% representation
African National Congress	28	82, 36
United Democratic Movement	2	5, 88
Democratic Alliance	2	5, 88
African Independence Congress	2	5, 88
TOTAL	**34**	**100**

The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from the Standing or Portfolio Committees of Council and it must forward these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority.

The following councillors served as members of the Executive Committee during the term under review:

COUNCILLOR	PORTFOLIO
Nonkongozelo Lengs	Mayor
Leticia Somikazi Baduza	Political Head: Community Services
Mamello Leteba	Political Head: Infrastructure Planning and Development
Thlokomelo Lehata	Political Head: Corporate Services
Mlamli Mqamelo	Political Head: Financial Services
Kgotsofaditse Mgijima	Political Head: Strategic Planning and Economic Development

The chairperson of the Municipal Council is the Speaker. The Council has defined the following roles for the Speaker (over and above the roles assigned by the Municipal Structures Act): -

- ✓ Leader of council in respect of the oversight function;
- ✓ Custodian of the interests of the members of the municipal council;

- ✓ Politically in charge of the community development workers' programme; and
- ✓ Responsible for the training and development of ward committees

In terms of Sections 72 – 78 of the Municipal Structures Act, the Council has established 17 ward committees which are chaired by their respective Ward Councilors. Each committee has 10 elected representatives.

In an endeavor to strengthen effective public participation, the municipality has established a public participation unit, located in the Office of the Municipal Manager, which constantly gives support to ward committees in the form of capacity building meeting procedures, writing of minutes and reporting.

The ward committees are consultative community structures without any formal powers accorded to them. Where a ward committee is fully functional and effective, it is able to influence the decision taken in Council.

Before community issues are prioritized in the municipal IDP they are first discussed at ward level where Ward Committees play a significant role in the prioritization of needs of their respective wards.

Ward Committee meetings are held regularly as per their schedule and reports are presented to the municipal Council through the Office of the Speaker. Ward Committees and Ward Councillors have a cordial relationship in general.

The Elundini Municipality has established five (5) Section 80 Committees which are aligned to the administrative departments and are chaired by members of the Executive Committee.

The ELM has, in terms of its By-laws relating to the Standing Rules and Orders , which were revised in May 2012, established the following section 79 committees, inter alia:-

- ✓ Audit Committee
- ✓ Remuneration Committee
- ✓ Municipal Public Accounts Committee

- ✓ Strategic Governance Committee
- ✓ Members Interests and Ethics Committee
- ✓ Budget Steering Committee
- ✓ Mandate Committee

During August 2014 and in response to the incessant transgressions related to Section 32 of the MFMA, the Municipal Council established another Section 79 Committee to deal with Unauthorised, Irregular, Fruitless and Wasteful Expenditure.

The section 79 committees have had varying levels of functionality, with the most active committees being the Audit Committee and the Strategic Governance Committee.

2.2 ADMINISTRATIVE GOVERNANCE

The Elundini Municipality's executive management structure consists of the Municipal Manager, appointed in terms of Section 54 (A) of the Local Government: Municipal Systems Act, and five managers that are directly accountable to the municipal manager and have been appointed by the Municipal Council in terms of Section 56 of the Municipal Systems Act. The macro organisational structure of the municipality, for the year under review, consists of the following departments: -

	DEPARTMENT	HEAD OF DEPARTMENT
1.	Office of the Municipal Manager	Mr. Khayalethu Gashi
2.	Strategic Planning and Economic Development	Mrs. Ntomboxolo Eddie
3.	Corporate Services	Mr. Sandile Matubatuba
4.	Infrastructure Planning and Development	Mr. Xola Mntonintshi
5.	Community Services	Mr. Mlamli Ntaba (until 28/01/2015)
6.	Budget and Treasury Office	Vacant

It is also worth noting that the position of the Community Services Manager has been vacant since the demise of the late Mr. Mlamli Ntaba on 29 January 2015 and has not been filled since then and the position of the CFO was only filled on 01 July 2015 after it was left vacant when the then incumbent

resigned for greener pastures and the Eastern Cape Department of Cooperative Governance and Traditional Affairs had seconded Mrs. Joyce Malinga to act as the CFO for the period between 01 July 2014 to 30 January 2015.

Periodically, the Municipal Manager convenes executive management meetings to interrogate progress with the implementation of the service delivery and budget implementation plan as well as all other operational matters, in order to ensure that the municipality's operations remain within the overarching strategy of the municipality. In all the operations of the municipality, the compliance with applicable legislation and the policies of the municipality is adhered to, and the municipal manager provides general guidance to the municipal council, the political office bearers and the administration on compliance with the Municipal Finance Management Act No 56 0f 2003.

Over the years there has always been a cordial relationship between political and the administrative arms of the municipality in that there has never been an impasse between the two which is evident by the achievements the municipality has gained.

In its endeavours to succeed in its quest to meet its Constitutional obligations, the municipality, through its IDP review processes, annual reviews its organogram in order to be able to address those challenges.

Below is the EXCO and top management of the Elundini Municipality during the year under review:



Her Worship the Mayor
Cllr. N.R. Lengs

Portfolio Head



Cllr. T. J. Lehata
Corporate Services

Portfolio Head



Cllr. L. S. Baduza
Community Services

Portfolio Head



Cllr. M. A. Mqamelo
Budget and Treasury

Portfolio Head



Cllr. M.P.S. Leteba
Infrastructure Planning and Development

Portfolio Head



Cllr. K. A. Mgijima
Strategic Planning and Economic Development



Mr. Khaya Gashi
Municipal Manager



Mrs Ntomboxolo Eddie
Manager: Strategic Planning and Economic Development



Mr. Mlamli Ntaba
Manager: Community Services

(until 28/01/2015)



Mr. Sandile Matubatuba
Manager: Corporate Services



Mr. Xola Mntonintshi
Manager: Infrastructure Planning and Development

(VACANT)

Chief Financial Officer

The tables below depict the staff movement during the year under review i.e. **2014/2015**:

NEW EMPLOYEE RECRUITS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	1				1				2	0	0	0		1	1	
Finance					2				2	0	0	0		2		
Administration	2				2				4	0	0	0		3	1	
Electricity										0	0	0				
Environmental Protection										0	0	0				
Health										0	0	0				
Public Safety										0	0	0				
Road Maintenance					1				1	0	0	0			1	
Sport and Recreation										0	0	0				
Waste Management					1				1		0	0		1		
Waste Water Management										0	0	0				
Water and Sanitation										0	0	0				
Strategic Planning	2								2					2		
TOTALS	5				7				12					9	3	

Although the municipality is trying its outmost in addressing the gender imbalances, there is still a challenge in attracting female employees as evident by the fact that from the 12 new employees employed by the municipality, 5 were female employees. Another factor that needs to be commended is the fact that of the 12 new employees, 9 employees were below the ages of 35 years which augurs well for continuity.

NEW LABOUR MARKET ENTRANTS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services																
Finance																
Administration																
Electricity																
Environmental Protection																
Health																
Public Safety																
Road Transport																
Sport and Recreation																
Waste Management	1				1				2	0	0	0		1	1	
Waste Water Management										0	0	0				
Water and Sanitation										0	0	0				
TOTALS	1				1				2	0	0	0		1	1	

Elundini Local Municipality has appointed 2 new labour market entrants of which 1 is female and 1 male. In so far as the age group is concerned one (1) of them is below the age of 35.

The table below depicts the labour turnover for the financial year 2014/2015:

EMPLOYMENT SECTION	FEMALE				MALE				TOTAL											
													RESIGNED		RETIRED		DISMISSED		DEATH	
	A	C	I	W	A	C	I	W	A	C	I	W	F	M	F	M	F	M	F	M
Community and Social Services					1				1											1
Finance	6			1	1				7			1	6	1					1	
Administration	1				1				2				1					1		
Electricity																				
Environmental Protection																				
Health																				
Public Safety																				
Road Transport																				
Sport and Recreation																				
Waste Management	1				2				3				1			1				1
Waste Water Management																				
Water and Sanitation					1				1	0	0	0						1		
TOTALS	8			1	6				14	0	0	1	8	1	0	1		2	1	2

There have been nine (9) resignations; one (1) employee went on retirement; two (2) dismissals and three (3) cases of death

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Elundini Municipality is represented and participates in various cooperative and intergovernmental forums, through its Mayor and Municipal Manager. At a district level, the Mayor is a member of the District Mayor's Forum (DIMAFO) established in terms of sections 24 and 25 of the Intergovernmental Relations Framework Act (Act No 13 of 2005), whilst the Municipal Manager serves in the technical committee/s that support the DIMAFO. At a provincial level, the municipality participates directly in the MUNIMEC, which is a meeting of the provincial government of the Eastern Cape with all the Mayors of the province, which is convened by the MEC for Local Government and Traditional Affairs.

These meetings sit quarterly and are preceded by the Technical MUNIMEC at which the Superintendent General of Department of Cooperative Governance and Traditional Affairs convenes all the Municipal Managers of the province to discuss service delivery and cooperative governance matters.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Elundini Municipality is enjoined by Section 152 of the Constitution of the Republic of South Africa, 1996, to, inter alia: -

- ✓ Provide democratic and accountable government to the local community
- ✓ Encourage the involvement of communities and community organisations in the matters of local government

The Elundini Municipality has developed certain policy frameworks, notably the public participation strategy, and has established ward committees, among others, in order to give effect to these constitutional imperatives.

The ward committees, which have been established in terms of the municipality's By Laws relating to the Standing Rules and Orders of Council, meet quarterly to discuss community development needs as well as receive feedback on the progress being made by the Elundini Municipality on service delivery.

Outreaches to the community are held in order to elicit inputs on the development and/or revision of the integrated development plan (IDP), whilst the IDP representative forum, consisting of councillors, ward committees, community and non- governmental organisations, traditional leaders and government departments and other organs of state, among others, is convened by the Mayor, in order to refine the inputs into the IDP as well as factor in the programmes of the various organs of state, into the IDP.

The Public Participation Forum, convened quarterly by the Office of the Speaker, further distils service delivery progress.

The mayor's conversation with stakeholders is an initiative that seeks to reach out to specific groups of people (ratepayers, business chamber, farmers, etc.) who are not accommodated by all the other public participation activities, either because the timing and venue of meetings is not conducive to them, or their specific interests are not accommodated in the conventional forums.

Administratively, all the public participation initiatives are located in the Office of the Municipal Manager, where a public participation unit has been established.

2.4 PUBLIC MEETINGS

Apart from the Council meetings that are open to the members of the public, the municipality holds meetings with its communities through its Public Participation unit. The municipality has observed that the traditional system of holding quarterly ward general meetings is creating a social distance between the council and the communities. This is due to the fact that only those communities close to the meeting venue attend the meetings resulting in information on government activities not being disseminated to all communities

To curb this, the Elundini municipality has adopted a system of quarterly village meetings and councillors are now convening quarterly village meetings to allow the communities to interact with the councillor. This has forced the council to appoint on a three year contract basis 176 Community Participation Liaison Workers who act as administrative support to the community meetings.

The Community Participation Liaison Workers also assist in the dissemination of information from the Council and government departments as they are able to reach communities from house to house. The 176 Community Participation Liaison Workers have been recruited from the various wards of the municipality and the recruitment targeted young unemployed matriculates.

Below is the table of meetings the municipality held during the year under review:

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Council meeting to adopt IDP & Budget	26/06/2015	30	6	113	yes	First quarterly meeting
Public Participation Forum meeting	30/09/2014	21	9	76	yes	Quarterly meeting
Public Participation Forum meeting	05/12/2014	11	6	59	yes	Quarterly meeting
Mayors Conversation with SAPS, Business Community and the community	11/08/2014	4	1	73	yes	Mayors conversation
Mayors Conversation with DBST	05/05/2015	1	1	14	yes	Mayor's conversation
LCF Quarterly meeting	06/11/2014	2	1	15	yes	Quarterly meeting
LCF Quarterly meeting	30/03/2015	12	3	32	yes	Quarterly meeting
LCF Quarterly meeting	29/06/2015	10	2	11	yes	Quarterly meeting
Ward Committee Meeting Q1 ward 1	23/09/2014	1	1	10	yes	2nd quarterly meeting
Ward Committee Meeting Q2 ward 1	04/12/2014	1	1	10		Second quarterly meeting
Ward Committee Meeting Q3 ward 1	09//03/2015	1	1	10	yes	Third quarterly meeting
Ward Committee Meeting Q4 ward 1	12/06/2015	1	1	10	yes	Fourth quarterly meeting
Ward Committee Meeting Q1 ward 2	23/09/2014	1	1	8	yes	First quarterly meeting
Ward Committee Meeting Q2 ward 2	04/12/2014	1	1	8	yes	2nd quarterly meeting
Ward Committee Meeting Q3 ward 2	02/03/2015	1	1	8	yes	Third quarterly meeting
Ward Committee Meeting Q4 ward 2	12/06/2015	1	2	9	yes	Fourth quarterly meeting
Ward Committee Meeting Q1 ward 3	23/09/2014	1	1	8	yes	First quarterly meeting
Ward Committee Meeting Q2 wad 3	04/12/2014	1	1	8	yes	2nd quarterly meeting
Ward Committee Meeting Q3 ward 3	12/03/2015	1	1	8	yes	Fourth quarterly meeting
Ward Committee Meeting Q4 ward 3	12/06/2015	1	1	8	yes	First quarterly meeting
Ward Committee Meeting Q1 ward 4	12/09/2014	1	2	10	yes	First quarterly meeting

Ward Committee Meeting Q2 ward 4	04/12/2014	0	2	9	yes	2nd quarterly meeting
Ward Committee Meeting Q3 ward 4	01/04/2015	1	2	9	yes	Fourth quarterly meeting
Ward Committee Meeting Q4 ward 4	12/06/2015	0	1	9	yes	First quarterly meeting
Ward Committee Meeting Q1 ward 5	15/09/2013	0	2	9	yes	First quarterly meeting
Ward Committee Meeting Q2 ward 5	04/12/2014	1	1	9	yes	2nd quarterly meeting
Ward Committee Meeting Q3 ward 5	09/03/2015	1	1	9	yes	Third quarterly meeting
Ward Committee Meeting Q4 ward 5	15/06/2015	0	1	7	yes	Fourth quarterly meeting
Ward Committee Meeting Q1ward 6	15/09/2014	1	2	10	yes	First quarterly meeting
Ward Committee Meeting Q2 ward 6	02/12/2013	4	1	9	yes	2nd quarterly meeting
Ward Committee Meeting Q3 ward 6	12/03/2015	1	1	10	yes	Third quarterly meeting
Ward Committee Meeting Q4 ward 6	15/06/2015	1	1	9	yes	Fourth quarterly meeting
Ward Committee Meeting Q1 ward 7	23/09/2014	1	3	10		First quarterly meeting
Ward Committee Meeting Q2 ward 7	02/12/2014	1	1	10	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 7	11/03/2015	1	1	8	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 7	15/06/2015	1	2	10	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 8	11/09/2014	2	3	9	yes	First quarterly meeting
Ward Committee meeting Q2 ward 8	03/12/2014	1	2	7	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 8	03/03/2015	2	1	7	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 8	12/06/2015	2	1	8	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 9	30/07/2013	1	2	4	yes	First quarterly meeting
Ward Committee meeting Q2 ward 9	04/12/2013	1	1	5	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 9	11/03/2015	1	2	6	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 9	12/06/2015	1	1	5	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 10	16/09/2014	2	2	10	yes	2nd quarterly meeting
Ward Committee meeting Q2 ward 10	03/12/2014	1	1	9	yes	2nd quarterly meeting

Ward Committee meeting Q3 ward 10	10/03/2015	2	1	8	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 10	11/06/2015	1	1	10	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 11	23/09/2014	1	1	7	yes	First quarterly meeting
Ward Committee meeting Q2 ward 11	04/12/2014	1	1	7	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 11	10/03/2015	1	1	8	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 11	11/06/2015	1	2	9	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 12	16/09/2014	1	2	7	yes	1st quarterly meeting
Ward Committee meeting Q2 ward 12	03/12/2014	1	2	9	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 12	10/03/2015	1	1	10	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 12	11/06/2014	1	2	10	yes	First quarterly meeting
Ward Committee meeting Q1 ward 13	23/09/2014	1	2	10	yes	First quarterly meeting
Ward Committee meeting Q2 ward 13	03/12/2014	1	1	10	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 13	11/03/2015	1	2	9	yes	Fourth quarterly meeting
Ward Committee meeting Q4 ward 13	11/06/2015	1	1	10	yes	First quarterly meeting
Ward Committee meeting Q1 ward 14	09/09/2014	1	1	9	yes	First quarterly meeting
Ward Committee meeting Q2 ward 14	03/12/2014	2	1	9	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 14	09/03/2015	1	1	8	yes	Fourth quarterly meeting
Ward Committee meeting Q4 ward 14	10/06/2015	1	2	8	yes	First quarterly meeting
Ward Committee meeting Q1 ward 15	09/09/2014	2	1	8	yes	First quarterly meeting
Ward Committee meeting Q2 ward 15	03/12/2014	1	1	7	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 15	09/03/2015	1	1	8	yes	Fourth quarterly meeting
Ward Committee meeting Q4 ward 15	10/06/2015	1	1	7	yes	First quarterly meeting
Ward Committee meeting Q1 ward 16	18/09/2014	1	2	9	yes	First quarterly meeting
Ward Committee meeting Q2 ward 16	03/12/2014	1	1	8	yes	2nd quarterly meeting
Ward Committee meeting Q3ward 16	03/03/2015	1	2	10	yes	Third quarterly meeting

Ward Committee meeting Q4 ward 16	10/06/2015	1	2	9	yes	Fourth quarterly meeting
Ward Committee meeting Q1 ward 17	16/09/2014	2	1	9	yes	First quarterly meeting
Ward Committee meeting Q2 ward 17	02/12/2014	2	2	9	yes	2nd quarterly meeting
Ward Committee meeting Q3 ward 17	02/03/2015	1	1	10	yes	Third quarterly meeting
Ward Committee meeting Q4 ward 17	12/06/2015	1	1	10	yes	Fourth quarterly meeting

2.5 IDP PARTICIPATION AND ALIGNMENT

The table below depicts the alignment of the IDP participation process:

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The municipality has an adopted Risk Management Policy and has also established a Risk Management Committee (RMC) constituted by the heads of departments and other appointed members of staff appointed by the Municipal Manager. The RMC sits quarterly and functions within the Risk Management Charter that further provides terms of reference for the Risk Management Committee. The municipality also has a risk register where it classifies its risks and then develops mitigating factors to deal with the identified risks.

2.7 ANTI-CORRUPTION AND FRAUD

As part of its endeavours in achieving clean administration, the municipality has developed Fraud Prevention Strategy and the Fraud Prevention Plan where all employees were workshopped on it. The municipality has also established a fraud prevention hotline managed by the independent firm of

auditors. As part of awareness, the municipality's website and newsletter, municipal letterheads and municipal accounts bear details of the hotline prevention numbers.

2.8 SUPPLY CHAIN MANAGEMENT

The municipality has developed, reviewed and adopted a Supply Chain Management Policy, in terms of which a functional and effective supply chain management unit has been established.

2.9 BY-LAWS

Although the municipality has managed to employ law enforcement officers in order to ensure that municipal by-laws are implemented, their enforcement still remained a challenge.

Below is the list of by-laws that the municipality has developed and reviewed:

BY-LAW NO.	BY LAW DESCRIPTION	RESPONSIBLE DEPARTMENT
1.	Advertising signs and disfigurement of the fronts for frontages of streets control By Law.	Community Services
2.	Aerial Systems By Law	Community Services
3.	Aerodrome – Municipal Airports By Law	Community Services
4.	Barbers, Hairdressers, and Beauticians By Law	Strategic Planning and Economic Development
5.	Bed and Breakfast, Guest House facilities By Law	Strategic Planning and Economic Development
6.	Building control By Law	Strategic Planning and Economic Development
7.	Cemeteries By Law	Community Services
8.	Childcare Care Services By Law	Community Services
9.	Credit and Debit collection By Law	Financial Services
10.	Electricity Supply By Law	Infrastructure Planning and Development
11.	Encroachment By Law	Strategic Planning and Economic Development
12.	Fire Brigade By Law	Community Services
13.	Fire Safety By Law	Community Services
14.	Fire Works By Law	Community Services
15.	Funeral Undertakers Policy By Law	Community Services
16.	Impoundment of animals By Law	Community Services
17.	Keeping of animals, Poultry and Bees Control By Law	Community Services
18.	Keeping of dogs control By Law	Community Services
19.	Law Enforcement By Law	Community Services
20.	Lease of Halls & Conference facilities By Law	Community Services

21.	Library By Law	Community Services
22.	Liquor By Law	Strategic Planning and Economic Development
23.	Municipal Commonage By Law	Community Services
24.	Municipal Taxi Rank By Law	Community Services
25.	Nuisance By Law	Community Services
26.	Outdoor Facility and Outdoor Municipal Building By Law	Strategic Planning and Economic Development
27.	Parking attendants/ Car attendants By Law	Community Services
28.	Parks and Open Space By Law	Community Services
29.	Parks for Caravans and Mobile Homes By Law	Community Services
30.	Property Rates By Law	Financial Services
31.	Refuse Removal By Law	Community Services
32.	Standing Orders By Law	Corporate Services
33.	Street Trading By Law	Strategic Planning and Economic Development
34.	Swimming Pools By Law	Community Services
35.	Tariff By Law	Financial Services

2.10. WEBSITES

The municipality uses its website to publish all documents and information it wishes to share with its community.

Below is the list of documents placed on the municipal website:

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
ELM Final IDP and Budget 2014 – 2015	Yes	July 2, 2014
ELM Institutional SDBIP 2014 – 2015	Yes	July 16, 2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2014) and resulting scorecards	Yes	July 24, 2014
Final Annual Report for Year Ended 30 June 2014	Yes	February 10, 2015
Adjustment Budget June 2014	Yes	November 3, 2014
Monthly Budget Summary ending 31 July 2014	Yes	November 3, 2014
Quarterly Budget Summary ending 30 September 2014	Yes	November 3, 2014
Addendum to annual Supply Chain Management report	Yes	October 16, 2014
S72 Report Mid termed assessment 2014_2015	Yes	March 20, 2015
IDP and Budget Process Plan 2015-2016	Yes	October 20, 2014
ELM Amended SDBIP 2014 – 2015	Yes	April 2, 2014
Disposed assets for auction as of May 2013	Yes	October 9, 2013

2.11. PUBLIC SATISFACTION ON MUNICPAL SERVICES

The last community satisfaction survey that the municipality conducted was in the 2013 – 2014 financial year with the services of Spontaneous Management Consulting using the unemployed graduates in the municipality who had undergone training before conducting the survey. The survey focused on fifteen (15) service areas that the municipality provides to the community and they were:

- ✓ Customer Care;
- ✓ Intergovernmental relations (IGR);
- ✓ Local Roads and Bridges;
- ✓ Health and Community Services;
- ✓ Recreational Facilities;
- ✓ Appearance of Public Areas;
- ✓ Traffic Management and Parking Areas;
- ✓ Waste Management;
- ✓ Enforcement of By-laws;
- ✓ Economic Development;
- ✓ Town Planning Policy and Approvals;
- ✓ Safety in Public Areas;
- ✓ Labour Relations Peace;
- ✓ Public Participation; and
- ✓ Access to Information.

No community satisfaction survey has been conducted during the year under review as the municipality is still attempting to address the negative outcomes emanating from the 2013/2014 process.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

Due to the rural nature of our municipal area, the Elundini Municipality continues to face enormous infrastructure bocklogs that make the provision of services to communities a daunting one.

3.1. WATER AND WASTEWATER (SANITATION) PROVISION

As from 01 July 2012, the Joe Gqabi District Municipality assumed a role of being a Water Services Provider within the ELM. The provision of water and sanitation is then the sole responsibility of the district and all information pertaining to water and sanitation will be provided by the Joe Gqabi District Municipality.

3.2 ELECTRICITY

The provision of electricity particularly around rural villages of Mt Fletcher is still happening at a snail's pace and there are still a huge number of households that have still not been electrified.

The municipality, through its Public Participation Unit, together with the Ward Councillors has consolidated a list of all households in the municipal area that have still not been electrified. From the list below, it indicates that there are still 25 557 households equalling 55, 1% who are still not electrified and 20 826 equalling 44, 9% of households electrified.

These figures show that there has been an increase of 790 households who have not been electrified, an indication that there could have been an increase in the number of households in our municipal area.

The table overleaf details the number of households per village with electricity and those still without electricity:

WARD	VILLAGES	NUMBER OF HOUSEHOLDS	TYPE OF HOUSEHOLD	NUMBER OF HOUSEHOLDS ELECTRIFIED	NUMBER OF HOUSEHOLDS NOT ELECTRIFIED
1	Cicirha	226	Rural	0	226
	Nkalweni	185	Rural	0	185
	Luthuthu	108	Rural	0	108
	Ncembu	268	Rural	0	268
	Maplotini	38	Rural	0	38
	Enyibibeni	260	Rural	260	0
	Elunyaweni	422	Rural	206	216
	Trustini	132	Farm	0	132
	Montgomery	104	Farm	0	104
	Zwelitsha	34	Rural	34	0
	Phalisa	89	Rural	0	89
	Elalini	81	Rural	0	81
	Enkalweni	97	Rural	0	97
	Mbonxa Village	116	Rural	0	116
	Ntendeleshe	116	Rural	0	116
	Ntsilithwa	166	Rural	166	0
	TOTAL	**2 442**		**666**	**1 776**
2	Ntokozweni	483		466	17
	Land Camp				
	J.K Bokwe				
	Mandela Park	245		221	24
	Ugie Phase 2/Bhekela				
	Ugie Park	283		282	1
	Ugie Town		Urban		
	TOTAL	**1 101**		**969**	**42**
3	Old Location				
	Sonwabile				
	Zakhele				
	New Rest				
	Polar Park				
	Peter Mokaba	257		246	11
	Sithole	244		219	25
	TV Park	65		62	3
	Maxhegweni				
	Bottom Blocks/Tuin Block	78			78
	Clear View	117		110	5
	Maclear Town				
	Mission	15		12	3
	TOTAL	**776**		**649**	**125**
4	Upper Tsitsana/Tsitsana Mission	63	Rural	48	15

	Tshikaro	111	Rural	0	111
	Sigoga	120	Rural	0	120
	Matugulu	72	Rural	0	72
	Khohlo Moriti	69	Rural	53	16
	Ngqwaneni	156	Rural	0	156
	Dipini/Ephowulini (ward16)	35	Rural	35	0
	Namba	44	Rural	0	44
	Mabalane	88	Rural	0	88
	Top blocks		Farm		
	Mlamlankunzi	45	Rural	0	45
	Endingeni	150	Rural	146	4
	Famini	26	Rural	26	0
	Popcorn Valley	56	Rural	56	0
	Komkhulu	144	Rural	102	42
	Qobeni	41	Rural	41	0
	Mcwangele		Rural		
	Saqhuthe (SAKHYTE?)	174	Rural	133	28
	Part of Maclear Town	150	Urban	150	0
	Eland's height	38	Rural	38	0
	Joel's Hoek	65	Rural	65	0
	Polin	25	Rural	0	25
	Mission		Rural		
	TOTAL	**1 672**		**893**	**766**
5	Mbonisweni	290	Rural	261	29
	Esidakeni	89	Rural	82	7
	Ntushu-ntushu	62	Rural	0	62
	Lower Ngxaza	37	Rural	0	37
	St. Augustine	404	Rural	389	15
	Ntabelanga	184	Rural	150	34
	Lower Ntywenka	95	Rural	91	4
	Mntshezi	163	Rural	152	11
	Mountain	189	Rural	165	24
	Mcwangele	374	Rural	305	69
	Mcwangele- Ngongongo		Rural		
	Sithana	179	Rural	167	12
	Ngcele		Rural		
	Hopedale	397	Rural	342	55
	Mpukane	93	Rural	83	10
	Khwatsha	260	Rural	229	31
	TOTAL	**2 816**	Rural	**2 416**	**400**
6	Ngxotho	152	Rural	146	6
	Mqokolweni	214	Rural	200	14
	Upper Sinxako	320	Rural	300	20
	Lower Sinxako	332	Rural	316	16
	Siqhungqwini & Qurana	151	Rural	140	11
	Nkolosana	75	Rural	51	11

	Ngcele Down	240	Rural	207	33
	Sommerville	95	Rural	94	1
	Ntywenka + Upper Ntywenka	105	Rural	85	20
	Qurana	98	Rural	96	2
	Lower Ntywenka	151	Rural	143	9
	TOTAL	**1 933**		**1 778**	**143**
7	Diphini	450	Rural	420	30
	Botsabelo		Rural		
	Phamong		Rural		
	Ramatee	138	Rural	128	10
	Zinkumbini		Rural		
	Platana	22	Rural	20	2
	Magana	161	Rural	156	5
	Etyeni	224	Rural	220	4
	Golomane	99	Rural	57	42
	Sigcwabeni/ Katkop	108	Rural	103	5
	Tshikitsha	192	Rural	180	12
	Marombe	98	Rural	9	8
	Nxaxa George	126	Rural	111	15
	Hlangalane	69	Rural	57	12
	Gamakhulu	45	Rural	41	4
	Mfabantu		Rural		
	Ramlane	84	Rural	65	14
	Lower Nxaxa	146	Rural	135	11
	Upper Nxaxa	138	Rural	116	22
	Rodesia		Rural		
	Esikolweni esidala		Rural		
	Upper Khotlopong	90	Rural	87	3
	Upper Khotlopong	199	Rural	183	16
	Mahlathini	93	Rural	90	3
	Jojweni		Rural		
	Zwelitsha	85	Rural	82	3
	Mabheleni		Rural		
	Kat-kop	260	Rural	250	10
	Jojweni	44	Rural	38	6
	Mahlathini	93	Rural	90	3
	Fraser	101	Rural	94	7
	Hiangalane	69	Rural	57	12
	Ngqayi	285	Rural	234	51
	Ntibane	209	Rural	195	14
	Milane	83	Rural	82	1
	Germiston	43	Rural	42	1
	Great Place		Rural		
	TOTAL	**3 754**		**3 342**	**326**
8	Umfanta	85	Rural	85	0

	Moroka	211	Rural	0	211
	Nkamani	109	Rural	0	109
	Ntabelanga	48	Rural	48	48
	Lithoteng	157	Rural	0	157
	Sekoting	185	Rural	160	25
	Pitseng Mkaka	130	Rural	0	130
	Lahlangubo	129	Rural	0	129
	Luzie Poort	78	Rural	0	78
	Nkobongo	106	Rural	0	106
	Pitoli	79	Rural	0	79
	Pitseng	87	Rural	0	87
	Pitseng Farms	25	Rural	0	25
	Batlokoa	105	Rural	88	17
	Segoga	20	Rural	20	20
	Jojweni	260	Rural	239	21
	Moreneng	131	Rural	0	131
	Khalankomo	172	Rural	0	172
	Mokgalong/ Luxeni	155	Rural	0	155
	Luzie Drift	230	Rural	0	230
	Makhatlanyeng	157	Rural	0	157
	Sekoting Extension	25	Rural	0	25
	TOTAL	**2 684**		**640**	**2 112**
9	Mt Fletcher Town		Urban		
	Ilisolomzi	1010	Rural	970	40
	Katlehong	935	Rural	910	25
	Nkululekweni	1956	Rural	1806	150
	Thembeni	550	Rural	510	40
	Mbeki	150	Rural	150	0
	Khalankomo	827	Rural	827	0
	TOTAL	**5 428**		**5 173**	**255**
10	Silindini	43	Rural	0	43
	Xaxazana	242	Rural	188	54
	Mathafeni 1	110	Rural	80	30
	Skote	226	Rural	173	53
	Nkalweni	196	Rural	166	30
	Zingonyameni	170	Rural	148	22
	Siyalwini	94	Rural	75	19
	Mbambangwe	139	Rural	102	37
	Mjika	41	Rural	32	9
	Mpharana	791	Rural	361	430
	West Hook	50	Rural	0	50
	Matsura	146	Rural	0	146
	Tsolobeng	433	Rural	226	207
	Mathafeni 2	189	Rural	134	55
	Mahemeng	430	Rural	300	130
	TOTAL	**3 300**		**1 985**	**1 315**

11	Dengwane	290	Rural	230	60
	Tinana	436	Rural	392	44
	Ntatyana	140	Rural	124	16
	Gobho	110	Rural	0	110
	Fletcherville & Likonyeleng	105	Rural	94	11
	Matsoana		Rural		
	Leratong		Rural		
	Fairview	408	Rural	371	37
	Xaxazana/ Ntsasa	102	Rural	68	34
	Mjikelweni	20	Rural	0	20
	Thambekeni		Rural		
	Tabase		Rural		
	Lubisini		Rural		
	Ngaqangaqa/Lugcadweni	108	Rural	99	9
	Khalazembe		Rural		
	Ngoliloe No 2		Rural		
	Dikonyeleng	115	Rural	95	20
	Port Seff	121	Rural	0	121
	Matshwana	228	Rural	170	58
	TOTAL	**2 183**		**1 643**	**540**
12	Setaka	110	Rural	107	3
	Moleeko	66	Rural	63	3
	Thabatlala	75	Rural	72	3
	Polokoe	498	Rural	490	8
	Kinira Poort	508	Rural	488	20
	Lehlakaneng	199	Rural	189	10
	Popopo	287	Rural	0	287
	Free State	358	Rural	0	358
	Mahanyaneng	320	Rural	0	320
	Ngoliloe	875	Rural	0	875
	Ntabayikhonjwa	160	Rural	0	160
	Mangoloaneng	486	Rural	0	486
	TOTAL	**3 942**		**1 409**	**2 533**
13	Sethathi	235	Rural	0	235
	Mashata	142	Rural	0	142
	Seqhobong	402	Rural	0	402
	Koebong	409	Rural	0	409
	Mohoabatsane	350	Rural	0	350
	Ntoko	477	Rural	0	477
	Phirintsu	145	Rural	0	145
	Makoatlane	297	Rural	0	297
	Nxotshana	435	Rural	0	435
	Tabase	123	Rural	0	123
	TOTAL	**3 015**		**0**	**3 015**

14	Vuvu	280	Rural	0	280
	Ulundi	364	Rural	0	364
	Tabakhubelu	210	Rural	0	210
	Lehana's pass	118	Rural	0	118
	Zindawo	28	Rural	0	28
	Phuthing	50	Rural	0	50
	Part of Phirintsu	141	Rural	0	141
	Ntabelanga	102	Rural	0	102
	Zanyeni/ Setabataba	243	Rural	0	243
	Satube	280	Rural	0	280
	Nqalweni	176	Rural	0	176
	TOTAL	**1 992**		**0**	**1 992**
15	Makhoaseng	298	Rural	0	298
	Lower Tokoana	387	Rural	0	387
	Liphakoeng	160	Rural	0	160
	Liphofung	46	Rural	0	46
	Dinokong	100	Rural	0	100
	Basieng	76	Rural	0	76
	Litaung	400	Rural	0	400
	Khalatsu	178	Rural	0	178
	Tsekong	351	Rural	289	62
	Makhuleng	166	Rural	97	69
	Refele	247	Rural	0	247
	Kotloanong	672	Rural	416	256
	TOTAL	**3 081**		**802**	**2 279**
16	Njaboya	34	Rural	0	34
	Magedla	438	Rural	0	438
	No. 5	329	Rural	2	327
	Karadokwe	168	Rural	167	1
	Zwelitsha	190	Rural	184	6
	Chevy Chase	260	Rural	0	260
	Qolweni	257	Rural	241	16
	Mcambalala	287	Rural	0	287
	Ndingeni	18	Rural	0	18
	Sekgutlong		Rural		
	Mlube	65	Rural	0	65
	Koloni	97	Rural	0	97
	Ntabamkhitha		Rural		
	Taung	310	Rural	292	18
	Nondyandya	145	Rural	139	6
	Sihom	330	Rural	319	11
	Bhantini		Rural		
	Drayini	149	Rural	144	5
	Msasangeni	91	Rural	85	6
	Lubalweni	216	Rural	192	24
	Ntatyaneni	93	Rural	0	93

	Nkangala		Rural		
	Zinkumbini	10	Rural	10	0
	Ketekete	643	Rural	0	643
	TOTAL	**4 130**		**1 775**	**2 355**
17	Gqaqhala		Rural		
	Mbidlana	684	Rural	0	684
	Vincent Park	334	RDP	334	0
	Greenfields	492	RDP	492	0
	Ncotha Farm and Surroundings		Farm		
	Vipan Farm and surroundings		Farm		
	Ebhodi Island		Urban		
	Takalane	461	RDP	438	23
	Robbin Island	163	RDP	153	10
	TOTAL	**2 134**		**1 417**	**717**
GRAND TOTAL		**46 383**		**25 557**	**20 826**
PERCENTAGE				**55, 1%**	**44, 9%**

Below is the staff complement for the electricity department:

Employees: Electricity Services					
	2014	2015			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 to 3	1	1	1	2	67%
4 to 6	2	2	1	0	0%
5 to 9	2	2	3	0	0%
10 to 12	3	3	3	1	20%
13 to 15	2	2	2	0	0%
16 to 18	0	0	0	0	0%
19 to 20	0	0	0	0	0%
Total	10	10	10	3	36%

The table below is the capital expenditure in the electricity division during the year under review:

Capital Expenditure 2015: Electricity Services R' 000					
Capital Projects	2015				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Network upgrading equipment	1 0492 77		804 357. 54		
Motor Vehicle	350 000. 00		335 337. 00		
Meter Repositioning and Replacement	529 500. 00		557 528. 99		
Installation of high mast lights in Mt. Fletcher	949 751. 00		921 276. 18		
Rural Electrification Phase 1 (Tsilitwa/Mdeni)	5 200 000. 00		5 194 550. 09		

3.3. WASTE MANAGEMENT

WASTE MANAGEMENT

Waste collection

The municipality has a Cleansing Unit as part of community services department which charged with the responsibility of Solid Waste Management. The unit is responsible for refuses collection, street cleaning, and waste information or waste data management, recycling, awareness and landfill site management.

The refuse removal service only focuses in the CBD and peri-urban areas of Elundini Municipality. The Municipality provides a weekly waste collection service to all the households and daily service to businesses in Maclear, Ugie and Mt. Fletcher. Receptacle bins/black bags are supplied to residents. In residential areas, bags are placed in the kerb outside the house and collected from there by municipality.

The municipality provides daily refuse collection services in town (business), street sweeping and cleaning. The Community services Department introduced shift system for refuse/waste employees. The system was introduced in the three units. The main purpose of introducing shift system is to ensure that

our towns clean at all times especially after working hours and to improve the status of cleanliness in our towns. There are skips and sidewalk bins placed at strategic points in Mt. Fletcher, Ugie and Maclear town.

Free Basic Services

The ELM adopted Indigent Support Policy. The basic principles of this policy are captured by indicating that the policy is to ensure that poor households are not denied their constitutional right of access to services, the Elundini LM is required to implement an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. The indigent policy is intended to provide poor households on-going access to a specified level of service. The subsidies contained in the policy should not compromise the quality or efficiency of service delivery. The municipality currently provides free basic refuse removal service to poor households.

Waste disposal/landfill site

Elundini Municipality has three permitted waste sites namely: Maclear transfer, Ugie and Mt. Fletcher landfill sites. The three sites came into operation in 2004. The Elundini municipality entered into PPP agreement with Interwaste (PTY) Ltd. Interwaste started operating and managing the sites on the 1 July 2013. The main responsibility of Interwaste is the operation and management of Ugie and Maclear waste sites.

Also, to ensure that the permit conditions of the waste facilities are adhered to. The Maclear landfill site was converted to a transfer station, Ugie and Mt. Fletcher will remain and operated as disposal sites. Mt. Fletcher landfill site will be incorporated into the broader PPP agreement in 2015/2016 financial year.

Recycling

The establishment of Ugie MRF was funded by Department of Environmental Affairs. The project was approved and funder under Environmental Protection and Infrastructure Programmes. The project was approved with a total budget of R 9 500 000.00. The establishment construct of the MRF is one of the deliverables of the uKhahlamba Waste Disposal Project.

The Elundini Municipality signed a MOA with the Department of Environmental Affairs. The project is described as EC – Ukhahlamba Waste Management and food Gardens. The main objectives of the project is to contribute to the improvement of the quality of life of local communities, contribute to job creation and contribute to the utilization of local labour. Also, the Ugie MRF is constructed with the aim to promote waste minimization and recycling in the towns and to create employment opportunities.

The MRF forms part of recycling component of waste management and will contribute towards local economic development and increase the lifespan of landfill site.

The Community Services Department is in the process of l facilitating the appointment of two cooperative to operate the MRF.

Education and Awareness

The Elundini Municipality has initiated programmes to increase awareness concerning waste management and particularly to promote a cleaner environment to live in, in and around urban areas. The main purpose of the programmes is to raise awareness and educate Elundini Municipality residents/community about issues related to cleanliness, waste, environmental management and sustainable development. The Waste management awareness focuses on the anti-littering programmes for the public/clean up campaigns.

The following are the awareness programs conducted in 2014/2015 financial year:

- Two clean up campaigns organised with various civic groups on the Mandela Day in Maclear and Ugie
- Waste education in schools in Maclear
- Door to door campaign by Youth Jobs in Waste Beneficiaries on waste management and

The achievements in the waste management program are as follows:

- The development of the IWMP was started during the year under review and was eventually adopted by Council in December 2015.
- Introduction of shift systems in Maclear, Ugie and Mt. Fletcher
- Purchase of 4 ton truck to improve refuse collection service in Maclear township
- Additional 250 low income households are benefiting from the service
- Purchase of vehicle tracking system
- Purchase and installation of sidewalks street bins in Ugie, Maclear and Mt. Fletcher
- Municipality is implementing PPP agreement which aims at addressing the noncompliance and non-adherence to permit conditions of Landfill sites
- Two internal landfill audits were conducted and eternal audit will be conducted August 2015.
- Construction of MRF in Ugie will facilitate and coordinate recycling initiatives and will contribute to local economic development

CHALLENGES

- Inability to extend basic waste/lack of refuse removal services in rural areas
- Lack of Integrated Waste Management plan

The table below depicts the access to refuse removal by households:

SOURCE	NUMBER OF HOUSES	%
Removed by local authority once a week	4646	12,3
Removed by local authority less often	548	11,4
Communal refuse damp	615	1,6
Own refuse damp	24 429	64,5
No rubbish disposal	7048	18,6

3.4 HOUSING

The provision of houses is the competency of the Provincial Governement and the municipality only plays a facilitation role where it determines housing needs; provides land for housing development and develops the housing beneficiary list. The housing unit of the municipaity consists of only one official who is a link between the municipality and the Department of Human Settlement in the Province.

With the assistance of the DHS the municipality has developed and adopted its Housing Sector Plan that clearly outlibes the housing backlogs; housinf needs and housing future development plans.

The table below depicts the number of households with access to basic housing:

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2012	35 553	14 326	40.3%
2013	37 854	9 086	24.0%
2014	37 854	9 086	24.0%
2015	37 854	9 086	24.0%

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

The ELM annually reviews its Indigent Support Policy whose basic principles are captured by indicating that the policy ensures that poor households are not denied their constitutional right of access to services. The ELM implements an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction.

The indigent support policy is an integral part of the Elundini's Tariff Policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost.

Critically as part of ELM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the municipal area (7 500 new applications over the MTREF), to this effect the service delivery targets have been amended to reflect this target; indigent support funding envelope has significantly increased to R 32.9 Million over the 2013/2014-2015/16 MTREF.

The table below indicates the number of households with access to free basic services:

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2013			838		838		5 403		838	
2014			1 173		1 173		4 260		1 173	
2015			4202		4202		5022		4202	

The table below depicts the expenditure incured in the provision of the free basic services:

Financial Performance : 2015 Cost to Municipality of Free Basic Services Delivered				
Services Delivered	2014	2015		
	Actual	Budget	Adjustment Budget	Actual
Water	2,800,000,14		0,00	-
Waste Water (Sanitation)	100,000,00		0,00	-
Electricity	2,070,000,00	2,068,274.00	0,00	2,051,098.52
Waste Management (Solid Waste)	400,000,00	2,236,868.00	0,00	2,453,197.68
Total				

COMPONENT B: ROAD TRANSPORT

3.6 ROADS

The Elundini Municipality has a Roads Construction Unit that is resourced with a full set of Plant equipment and has in its employ a Construction Supervisor, a Plant Supervisor and a Concrete Works Supervisor to ensure quality services are rendered in our internal projects. During the year under review, the municipality has entered into a service level agreement with the Department of Roads and Public Works.

In terms of this arrangement, the municipality is contracted by the department to undertake routine and extensive maintenance of provincial roads within demarcated areas, for a predetermined contractual amount. With the “earned profit” the Municipality is to also attend to the access roads that are adjacent and/ linked with the provincial roads in order to integrate service delivery and avoid creating service delivery islands.

The Department of Roads and Public Works undertook a Roads Asset Management System (RAMS) in 2012 which revealed that the Municipality has its roads networks as per the table below:

Elundini Local Municipality : Municipal Roads				
Surface Type	*Status*	*Condition*		*Total Length(km)*
		Category	*Length(km)*	
Surfaced	Concrete	-	0.93	21.80
	Tar	Very Good	6.22	
	Tar	Good	10.87	
	Tar	Fair	3.20	
	Tar	Poor	0.58	
Unsurfaced	Earth	Very Poor	103.81	885.67
	Gravel	Very Good	0.14	
	Gravel	Good	8.24	
	Gravel	Fair	53.47	
	Gravel	Poor	101.18	
	Gravel	Very Poor	269.92	
	Track	Very Poor	187.91	
	Other (Inaccessible)	-	160.99	
Total Length (km) - Municipal Roads				907.47

The ELM has developed the Stormwater Master Plan (SMP), completed in November 2013. The Municipality is also in the process of preparing an Integrated Transport Plan (ITP). Procurement of the sevice provider has been completed. The study is however halted due to unavailability of funds. which has incorporated the transport Master Plan which will be linked to the municipality's LED Strategy. The main aims of developing the SMP are, among others:

- ✓ Update the existing records of infrastructure assets
- ✓ Manage stormwater assets
- ✓ Identify problems or problematic areas within the stormwater systems
- ✓ Develop a rational basis from which to implement improvements
- ✓ Develop stormwater guidelines and standards for future work

The table below depicts the kolometres of gravel roads maintained, constructed and upgraded to a surfaced standard:

Gravel Road Infrastructure Kilometres					
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar	Gravel roads graded/maintained
2012/13	886	26	-	9	266
2013/14	903	30	6	6	157
2014/15	921	27	6	-	305

The Municipality was constructing approximately 27km of new access roads during the financial year under review, 2014/2015, and by the end of the finacial year, end June, the projects were reaching completion stage. Only Nkalweni to Gqaqhala Access Road had started in the last month of the financial year, June 2015. This road is estimated to be approximately 7.32km and will be completed in the forthcoming finanial year, 2015/16.

The table overleaf depicts the capital expenditure on roads infrastructure for the year under review:

Capital Expenditure : 2014 Road Services R' 000					
Capital Projects	2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	40 393 335.59	40 393 335.59	23 801 290.91	16 592 044.68	
Ulundi, Lenge Pedestrian Bridge	648 491.06	648 491. 06	570 182.01	78 309.05	720 000.00
Thakabana High School Pedestrian Bridge	609 353.91	609 353.91	536 206.77	73 147.14	650 000.00
Kuebung Pedestrian Bridge	704 694.48	704 694.48	565 377.08	139,317.40	650 000.00
Emjikelweni Pedestrian Bridge	724 376.44	724 376.44	341 040.30	383, 336.14	850 000.00
Nondzaba Chevy Chase Access Road	2 856 858.00	2 856 858.00	611 582.73	2 245 275.27	1 500 000.00
T78 to Zanyeni Access Road	5 250 560.88	5 250 560.88	4 130 979.21	1 119 581.67	4 895 398.57
Nkobongo to Pitoli Access Road	7 042 280.40	7 042 280.40	6 616 100.58	426 179.82	7 125 000.00
Mount Fletcher Taxi and Bus Rank	2 111 234.40	2 111 234.40	1 169 925.18	941 309.22	13 578 000.00
Hopedale Sportsfield	9 510 078.20	9 510 078.20	3 771 627.61	5 738 450.59	12 626 972.00
T83 to Platana Access Road	3 534 909.69	3 534 909.69	1 955 706.77	1 579 202.92	4 485 000.00
Lehana to Upper Tokoana	7 400 498.13	7 400 498.13	3 532 562.67	3 867 935.46	13 718 961.00

The table below depicts the square meters of tarred roads mainteined. The tarred municipal roads are manatined annually. The statistics is as follows:

	Existing tar roads – Slurry Application M²	Tar roads maintained – Pot Hole Repairs M²
Year 2014/2015	Slurry Application =1219m²	Pot hole maintenance = 1141m²

3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The municipality does not provide any transport facility to its communities and the service is only rendered by the private operators.

3.8 WASTE WATER (STORMWATER DRAINAGE)

Stormwater drainages are constructed as part of the construction of access roads in order to avoid erosion of roads.

COMPONENT C: PLANNING AND DEVELOPMENT

3.9. PLANNING

The Municipality has in this fincancial year faciliataed and finilised the township establishment process in support of the low cost housing development in the town of Mount Fletcher. This plan will give opportunity to 1 164 low cost householdes and 318 middle income households to be build in the town of Mount Fletcher.

Within the small town regenetation initiative, the Planning unit has created a suitable environment to promote inward investment which includes the office park, and private commercial developments

The municicpality is now focusing in aligning and developing sustainable systems between political and traditional leaders in order to facilitate a workable , developmental spatial plan for the area of Eludnini Municicpality jurisdiction in alignment with the SPLUMA as well.

Applications for Land Use Development								
Detail	Formalisation of Townships		Rezoning		Built Environment		Sub Divisions	
	2014	2015	2014	2015	2014	2015	2014	2015
Planning application received	4	1	6	6		16	3	2
Determination made in year of receipt		4		11		24		
Determination made in following year		0		0		3		2
Applications withdrawn		0		0		0		
Applications outstanding at year end		0		0		3		2
Subsidised housing						450		

3.10. LOCAL ECONOMIC DEVELOPMENT

As per the Integrated Development Plan of the municipality, the priority areas for Local Economic Development are:

- **ORGANISATION OF INFORMAL TRADERS**

Elundini municipality has realised that street trading has positive effect to the economy such as providing marginalised people with income and stimulation of micro and small production in the areas. In ensuring that the informal sector is organised, the municipality has in 2012/2013 financial year audited all street traders trading in the three towns of Elundini Municipality. A total of 159 street traders were recorded in the year. 56% of them were licenced in the same year. In 2013/2014 the target was to renew 60% of licences but with the aid of educational sessions 100% were renewed (159) and 77 new licences were recorded as well which resulted into a total of 236 licences in 2013/2014

The municipality has in the last two years invested an amount of 2, 2 Million for the development of the street trading zone and street trading facilities for Maclear. The target is to maintain the infrastructure through a service fee (tariffs) as approved by the council. Critical is also the provision of ablution facilities and water services in the zone to enable the street trading to function within environmentally sound condition.

With the limited resources that municipality has, it will need partners in economic development to be able to cover the backlog on street trading facilities and there are other two towns to also service.

- **PROMOTION OF FORESTRY, TOURISM AND AGRICULTURE**

  - ✓ **FORESTRY**

The Elundini municipality supports the sustainable use of forests and forest resources to serve the livelihoods of poor, rural and marginalised communities. In partnership with Department of Agriculture, Forestry and Fisheries (DAFF), Eastern Cape Rural Development Agency (ECRDA), PG Bison and National Department of Rural Development and Land Reform and the communities, the municipality promotes access of forest resources to local communities through forestry enterprise development.

The municipality has a forestry sector plan that is used as a guide for forestry development in the area. During the financial year 2011/2012 feasibility studies were conducted in many communal areas with the aim of promoting the development of forestry in the suitable communal areas. This financial year, the following has been achieved through the partnership that the municipality has with the forestry stakeholders:

a) Planting permits have been obtained
b) The Department of Rural Development gave the community the right to plant the communal land.
c) The water licensing is in processes
d) 10 to 13 million funding has been secured for the next three years to plant gum trees in the next three years

Community forestry plantations began in ward 6. 46 Permanent jobs were created. This development encountered challenges in relation to community expectation about the project, but municipality managed to intervene though social facilitation to ensure that the project is sustainable
The areas that are targeted to be planted in the year 2014/2015 are Siqhungqwini and Ngcele (1000 hectors) and revitalisation of Ntywenka plantation (960 hectors) is targeted in year 2016

- ✓ **AGRICULTURE**

Wool Development

The municipal Council has approved land for wool factory development in Mount fletcher



The Elundini Municipality has been one of the leading localities in wool production in the Eastern Cape. Through the Livestock Improvement Programme, the Provincial and National government has invested in the development of sheep breeding, veld management and shearing activities in order to maximise the production of wool in the area. The investment has resulted in the further improvement of the genetic quality of sheep from the area, an increase in the number of flocks as well as coordination and institutionalising of farming activities in the area.

In the financial year 2013/14, the Municipality spent R 580 000 and further embarked on an investigation of further value addition into the local wool industry. As part of this investigation the municipality has partnered with the Council for Scientific and Industrial Research (CSIR), the National Department of Forestry and Fisheries (DAFF), the Provincial Department of Rural Development and Agrarian Reform (DRDAR) as well as the local farming community to conduct this investigation.

The initial phase of the investigation focuses on assessing the viability of setting up a wool scouring facility in the Elundini area with a cooperative ownership model for the local wool producers.

This development has turned up to be viable and different partners have since showed interest to partner with the wool growers and the municipality to make the project a reality. The municipality has in 2014/2015 institutionalised the local wool industry into a business entity that will enable it to respond to government development funding opportunities. 48 Shearing sheds have been registered as primary co-operative and a secondary co-operative. The Co-operative Development Centre which will be established in 2015/2016 will continue to identify a private partner and the development funding for the project.

LAND CARE PROGRAM

The municipality in partnership with AsgiSA developed a land and environmental planning project for Tsitsa river basin. The report identified most heavily eroded areas of agricultural land in the Tsitsa river basin in 2009. To further the implementation of the report, in 2012/2013 Elundini municipality in partnership with the district municipality applied for a funding for rehabilitation of eroded land for the

areas shown in the map above from the department of Rural Development and Land Reform. The funding of 1, 7 Million has been received from the department and the project has been implemented in 2013/2014 financial year.

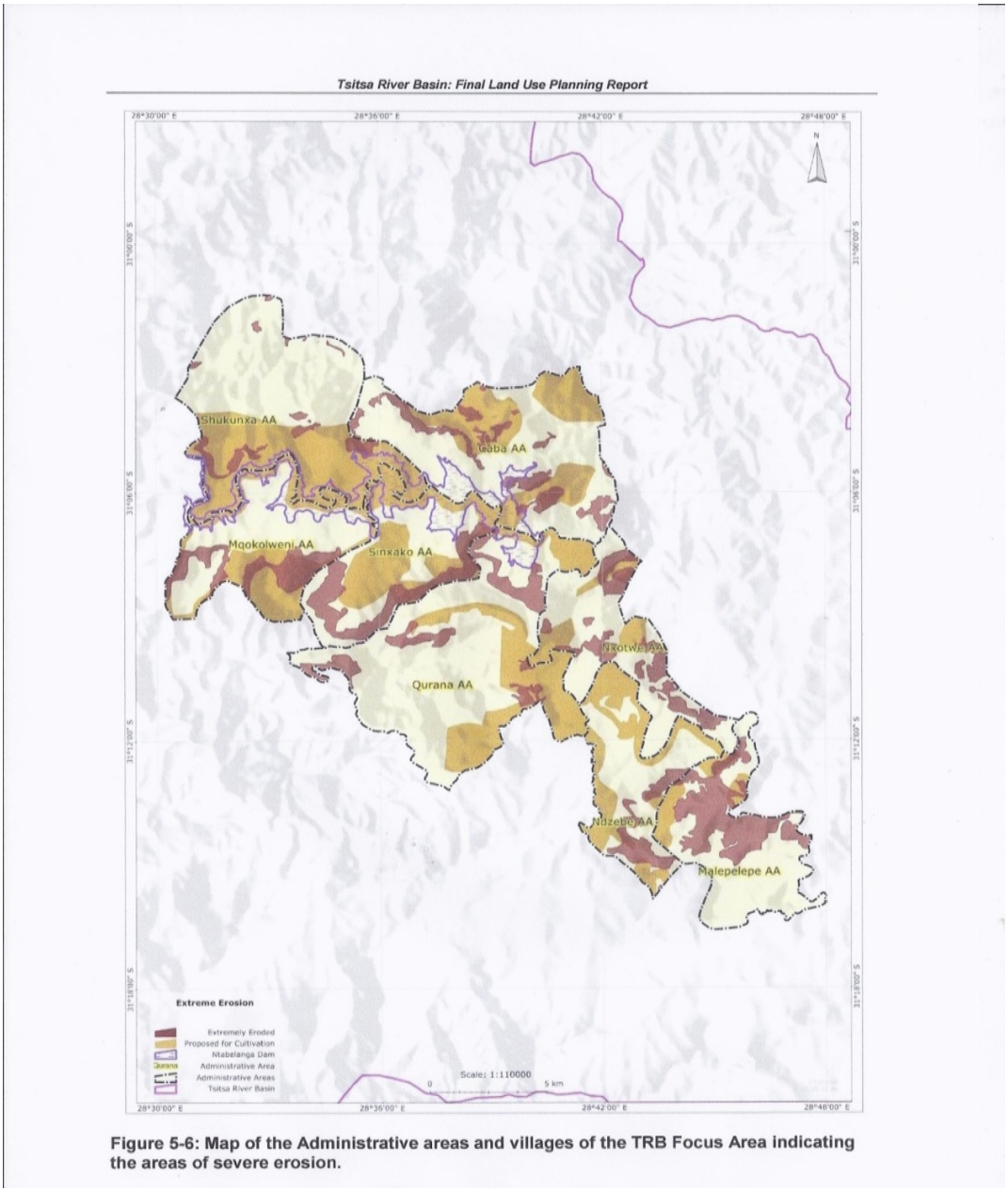


Figure 5-6: Map of the Administrative areas and villages of the TRB Focus Area indicating the areas of severe erosion.

- ✓ **TOURISM**

In terms of promotion of tourism, the municipality has supported the crafters in the municipality to be institutionalised; a legal entity for Elundini Crafters called Owezandla has been obtained. The municipality with the assistance of DEDEAT funding is in the process of establishing the art and craft centre. The operating model of the art and craft Centre has also been developed. Even though the craft Centre is not fully constructor, the municipality continues to support local crafters by exposing their products to different craft exhibitions

Fly-fishing as one of the major tourism attractions in the area was held in Maclear in 2013/2014financial year. It attracted 50 international participates and over a 1, 8 million rand was spent in a week. This is one of the spin offs of the tourism destination marketing programs that the municipalities embark on in each financial year where it markets its tourism products in different exhibitions.
During the fly-fishing event, the national fly fishing committee also launched a campaign to train the rural school children and utilise them as judges of the fly-fishing competition. The committee committed to empower more school children in the next financial year.

- ➢ **SMME DEVELOPMENT**

The development of localised business support centres is the key area of focus of the municipality under SMME development. The purpose of the localised business support centres is to link enterprises to business opportunities in the mainstream economy through the provision of a one-stop development and support facility. The municipality has provided the facility that will be used as co-operative centre. The municipality in partnership with DEDEAT has in this financial year developed a business plan for cooperative development centre and has developed the data base of all cooperatives in the area.

The business plan funded by the municipality in partnership with DEDEAT was implemented in year 2013/2014.The Co-operative Development Centre is conceptualised as a locally based organisation that delivers non-financial support to co-operatives. The initial set up would be the responsibility of the municipality and Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

Services envisaged to be provided by this Co-operative Development Centre as per the business plan developed are assistance with pre-incorporation training to start up co-operatives, basic training of members in co-operative enterprise skills; access to sources of finance; co-operative economy directory; business planning; enterprise development advice and guidance to new and existing cooperatives; tender Advice and information; Co-operative Advice; Facilitation of market access; Mentoring; and Linkages with other co-operatives and SMMEs.

The Co-operative Centre is now functional and the Manager has been drawn from a local Company Called Multi-layer which has previously assisted the municipality to establish the wool development industry (48 cooperatives) within three months. The centre manager has assisted in the development of a partnership between Chris Hani District Cooperative Centre, Elundini Co-operative Centre and Elundini Municipality. More impact of the Centre will be realised in 2015/2016 financial year.

INVESTMENT PROMOTION AND ATTRACTION

The table overleaf depicts the number of investments during the year under review:

TOWN	SITE NUMBER	DESCRIPTION	PURPOSE	STATUS	OWNERSHIP	MUNICIPAL REVENUE UPON APPLICATION	APPROX. VALUE
Mount Fletcher	237	business	retail	application approved	private	R 4,563.00	R 2,376,000.00
Maclear	9	dwelling	residential	application approved	private	R 1,718.00	R 585,000.00
	2435	dwelling	residential	application approved	private	R 1,961.00	R 738,000.00
	2471	dwelling	residential	application approved	private	R 2,140.00	R 850,500.00
	3442	dwelling	residential	application approved	private	R 1,139.00	R 220,500.00
	3505	dwelling	residential	application approved	private	R 4,139.00	R 2,265,300.00
	3492	dwelling	residential	application approved	private	R 1,625.00	R 526,500.00
	42	dwelling	residential	application approved	private	R 1,532.00	R 468,000.00
	379	business	retail	application approved	private	R 4,586.00	R 3,037,500.00
	951	flats	residential	application approved	private	R 2,433.00	R 1,035,000.00
	2471	dwelling	residential	application approved	private	R 2,140.00	R 850,500.00
	1781	dwelling	residential	application approved	private	R 2,015.00	R 771,750.00
	2094	dwelling	residential	application approved	private	R 3,405.00	R 1,647,000.00
	2522	dwelling	residential	application approved	private	R 1,968.00	R 742,500.00
	2515	dwelling	residential	application approved	private	R 1,961.00	R 738,000.00
Ugie	337	business	retail	application approved	private	R 4,220.00	R 2,160,000.00
	3414	dwelling	residential	application approved	private	R 3,668.00	R 1,812,600.00
	3297	institutional	offices	application approved	private	R 2,043.00	R 789,300.00
				TOTAL MUNICIPAL REVENUE ON APPLICATIONS		R 47,256.00	
				TOTAL INWARD INVESTMENT VALUE			R 21,613,950.00

- **MASS JOB CREATION**

As one of the national indicators being the number of jobs created in the municipality, Elundini Municipality has in this financial year designed a reporting template on jobs created through LED initiatives and has collected the data on jobs created and is attached in the report.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11 LIBRARIES; ARCHIVES; MUSEUMS; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Libraries are a function of the Department of Sport, Recreation, Art and Culture and the municipality only runs them on an agency basis. To give effect to this arrangement a Service Level Agreement has recently be signed with the provincial government who have committed to funding the services by way of a subsidy to the amount of R1,2m.

All three towns operate library facilities through seconded professional librarians assisted by staff appointed by the municipality. Some of the challenges regarding libraries include:

- ✓ Lack of access to internet services (in some libraries)
- ✓ Space constraints (no discussion rooms, offices etc.)
- ✓ Lack of dedicated maintenance plans
- ✓ Adequate funding
- ✓ Non-existence of a Memorandum of Agreement

Provision and accessibility of community halls in the ELM still remains a challenge as there are only 6 wards with community halls and 11 wards do not have community halls.

3.12 CEMETERIES AND CREMATORIUMS

Most of the cemeteries in the municipality are generally nearing maximum capacity and a cemetery management system is required to co-ordinate their effective use. Of critical urgency are the numerous informal cemeteries/grave yards which are being used in and around the informal settlements of the three towns.

In Maclear, the only possible land for expansion is located on a vacant land owned by Public Works and used by the Magistrates Court. A new cemetery has been reserved on the outskirts of Maclear and this could accommodate 3000 graves. Unfortunately the community is currently refusing to utilize this new facility.

Generally the key challenge regarding cemeteries in the municipality is around communities being reluctant to use formally established cemeteries to avoid paying user charges. They instead resort to using informally established and unplanned cemeteries which must be closed down as a matter of urgency since this severely compromises the natural environment.

3.13 SPECIAL PROGRAMS

INTRODUCTION TO SPECIAL PROGRAMS

Special Programs Unit is located in the Office of the Municipal Manager with the Mayor as the Political Head of the Unit. The Unit deals with youth development, women empowerment, people with disability coordination, Mayor's Social Investment coordination and HIV & AIDS coordination.

3.13.1 HIV AND AIDS

HIV & AIDS coordination was implemented in partnership with ELM Home Community-Based Care organizations and government departments. The partnership agreements between the municipality and fifteen (15) HCBCs have been renewed for the duration of this financial year. In the agreement it is clearly stipulated that HCBC's are expected to render services in line with the objectives and key priority areas in the Municipal HIV/AIDS Strategy. Whilst the Municipality has a responsibility of monitoring the work done by the HCBCs as per the strategy, the municipality also has to conduct Local Aids Council (LAC) events. The table below depicts the progress of the work done during the year under review:

ACTIVITIES	PROGRESS
Coordination of Big events.	✓ 60 events were conducted for the entire financial year; ✓ 15 HIV/AIDS projects have been coordinated.
4 LAC meetings are organized.	Below are the dates of quarterly meetings held during the year under review: 1st quarter on 23 – 09 – 2014 ; - 2nd quarter on 08 – 12 – 2014 - 3rd quarter on 26 – 03 – 2015 - 4th quarter on 30 – 06 – 2015
Registration of All HCBCs to increase chances for financial support & funding.	All the 15 HCBCs have been registered as per the plan
Performance Monitoring of HCBCs	15 HCBCs performance visits have been done per quarter, and therefore an overall of 60 HCBC performance visits have been done in this financial year. The performance of the HCBCs is satisfactory.
Distribution of information, education and awareness material to HCBC is monitored.	Distribution of condoms and pamphlets from Department of Health has been done to all the 60 big events HIV/AIDS awareness campaigns.
Establish support groups in communities	Support groups were established in all wards and are functional

3.13.2 YOUTH DEVELOPMENT

For the 2014/15 financial year, the Youth development Strategy under review, focused mainly on five projects, namely: the Mayoral Cup, Youth Centre operationalization, Support of youth in performing arts and youth cooperatives registration and support, Mayor's Social Investment.

The report will encompass the above mentioned implemented projects or programmes.

3.13.3 MAYORAL CUP

The Mayoral Cup was launched to be an annual event to promote and nurture sport development and talent, and also to; to profile sport development as one of key areas for youth development.

During the year under review, the Mayoral Cup successfully implemented and it focussed on five codes, namely: soccer, rugby, netball, horse-riding and athletics with the special focus on the under 19s in all codes. The purpose was to change the Mayoral Cup to be more of a programme rather than an event and to cultivate its goals of making it a catalyst of youth and talent development program.

Teams first competed at ward level in all 17 Wards and winning teams received playing equipment and sports gear where young people were able to showcase their talent. Ward winners proceeded to play knockouts at the municipal level, with 1st, 2nd, and 3rd winners receiving trophies and monetary incentives.

The project also opened up employment opportunities to five young graduates from different study disciplines, as they worked as project organizing.

The mayoral cup schedule was implemented as follows:

- Ward level games were from the 14 of February 2015 and ended on the 07 of March 2015.
- The Cluster/knockout matches were played on the 14th and 15th March 2015,
- The semi-finals and horse racing which were played on the 21 and 22 March 2015 respectively.
- Thereafter finals and award gala (Award Ceremony of winners) ceremony ware completed on the 28th March 2015. A Gala Dinner (Award Ceremony of winners) was graced with the presence of the former FIFA referee, and former General Manager of the Premier Soccer League, and current SuperSport TV presenter Mr Andile “Ace” Ngcobo; President of Athletics Transkei; Regional Sports Council members; ELM councillors; various Government Departments and the Sponsors.

3.13.4 YOUTH CENTRE

The youth centre located in Mount Fletcher was constructed as one of the youth develoment strategic interventions to deal with skilling of young people and to empower them with information that would help them persue their careers. Although the objectives of constructing the youth centre were clear, there was no clear operational plan that indicated how the center was to operate and managed. A number of interventions since then were made by the ELM to ensure that the center became operarional and that these interventions included secondment of human resources to specifically manage the center.

The municipality in 2012 placed a Youth Centre Coordinator that was responsible for coordinating all activities at the center. The table below details the list of activities that took place in the conference facility at the youth center during the year under review:

DEPARTMENT	FUNCTION
1. ELM	Local Labour Forum
2. Mt Fletcher Entertainers	Arts event
3. South African Council of Churches.	Meeting
4. Department of Education	Workshop for drug testing in schools
5. Mount Fletcher Footbal Assosiation	Meeting
6. United Methodist Church of Southern Africa	Wesley Guild Youth Convention
7. Department of Education	FET life orientation & tourism teacher's workshop
8. Department of Education	Financial management workshop
9. Marvellous Voices	Reahasal in preperation for the eastern cape choral music.
10. SAPS	SAPS community work session on ritual murders.
11. Department of Education	Rationalisation meeting for circuit 1
12. SAPS	SAPS lecture
13. Elundini Serenade	Closing and award cerememony
14. Mt Fletcher Constituency office.	Launch of CMC programmes
15. CDW Coordinators	CDW meeting with Bisho management
16. Mt Fletcher Choral Choir	End of the year function

17. Department of Education	End of the year function
18. Department of Health	Hospital Board selection commmttee feedback to the community
19. ELM	Eundini Ward Committee Meeting
20. Mbase arts academy	Meeting
21. SAPS	SAPS training
22. ELM	Mayoral Cup ward consultation meeting
23. Youth Council	Meeting
24. Youth Council	Meeting
25. ELM	Youth Cooperatives registration

3.13.5 SKILLS DEVELOPMENT

- The ELM, together with the University of Fort Hare and SEBATA, conducted skills development around ICT training that started in April 2014 until January 2015. The training focused on end user computing.

3.13.6 OUTREACH PROGRAMME

- Aplication and bursary forms from vaious institutions like Spoornet, East Rand Water Services, De Beers, South African Weather Services, Old Mutual and Vodacom were distributed to three senior secondary schools and Ingwe FET College during Septemeber and October 2014.
- Visited all wards encouraging them to participate on the Mayoral Cup;
- Attended Orientation Day at Ingwe TVET in Feruary 2015.

3.13.7 YOUTH IN PERFORMING ARTS (SONDELA) SUPPORT

From the Elundini Dare to Dream talent search project which is aimed at developing, nurturing and exposing talented youth in arts, the Municipality had developed a database of youth in performing arts according to their different acts or categories.

From database developed, municipality supported relevant artists to participate in the district Sondela Youth Festival, which was held in Aliwal North from the 5th to the 7th of December 2014.

The goal of this initiative was to expose our artists to the district platform for their further development and exposure. The artists were supported with their musical logistics, transport and catering for the duration of the festival.

3.13.8 YOUTH COOPERATIVES REGISTRATION AND SUPPORT

The municipality resolved to support cooperatives of young people. The Municipality aimed at supporting each cooperative with start-up money to register the cooperative and to provide logistical support to the youth council and the cooperatives in the coordination of the whole process of registration. The project aimed at having at least one cooperative per ward consisting of at consists of the least 12 youths.

The registered cooperatives are aimed at being encouraged to source funding to other government and private business funders, for other business needs such as office equipment, trading equipment, and office infrastructure where necessary.

The registration process of 9 cooperatives was completed in 4 Wards and difficulties were experienced in other wards as there were no youth cooperatives ready during the process of consultations. However, the appointed service provider is aware that the process of registration will continue beyond the 2014/2015 financial year to ensure that as many as possible youth cooperatives are registered. The table overleaf depicts the list of cooperatives registered:-

WARD	NAME OF COOPERATIVE
2	Think and Plan co-operative
	Helping Hand Co-operative
	Isiqalo Youth co-operative
3	Maclear Youth waste recycling
	Bambanani Youth Project
	Maclear Piggery Project Cooperative
9	Masonwabe Youth Cooperative
	Ubabalo Cooperative
14	Youth Cooperative.

3.13.9 MAYOR'S SOCIAL INVESTMENT (MSI)

3.13.9.1 ADOPT A SCHOOL

The MSI committee resolved to adopt KHALATSU J.S.S, as a school which the Municipality had to support for 2014/2015 financial year. An inception meeting was organized with the school, where the municipality presented the program, its budget and the commitments based on their needs submitted. Needs analysis was done and an implementation plan was developed tabling all commitments from partner departments and the municipality.

From the table below is the progress report on implementation stages:

MSI COMMITMENTS	PROGRESS
MUNICIPAL COMMITMENTS	
Water tanks and guttering	Qumbiso Construction (PTY) Ltd was appointed in March 2015 for the construction of 6 toilets provision of water tanks and guttering.
Toilets for learners and Staff	The construction of 6 toilets has commenced, the service provider is left with the roofing of toilets. This initiative has employed 5 youth beneficiaries, who are from Ward 15, where the adopted school is situated. The construction is expected to be finalized on the 17/07/2015.
DEPARTMENT OF EDUCATION	
Furniture for students (the school to confirm numbers)	This is not yet fulfilled by the department; however the last report from the department states that the process of procuring the furniture is in progress and shall have been delivered by the end of November.
Technical support	DOE has been providing the technical support during the construction to ensure that the implementation process is concrete from the start. The school management also confirmed that processes were satisfactory.
Prefabricated classrooms (Still in process)	This is not yet fulfilled by the department; however the last report from the department states that the process of procuring the furniture is in progress. And shall have been delivered by the end of November.
SOCIAL DEVELOPMENT	
Provision of school uniforms	Social Development has already advised that all ground work of identifying students and quantifying is done, and procurement is in its finalization stage, and the delivery of the Uniforms in the school will be done during August 2015.

3.13.9.2 BRIDGE OF HOPE

Bridge of Hope (BOH) is program whose intention is to provide an act of goodwill to individuals, households or institutions for exceptional and vulnerable cases. This program provides once-off interventions that are meant to provide relief whilst proper intervention is still underway.

On Bride of Hope, the Honorable Mayor has assisted in the natural disaster experience in one of the families at Mbidlana in Ward 17, for logistical arrangement of funeral in that home.

3.13.9.3 GRADE 12 LEARNER SUPPORT

Grade 12 Learner Support was initially designed as an intervention for 21 learners with excellent academic performance. These 21 learners were to be taken from all 21 high schools of Elundini. The intention of the program was to further invest in these learners so that they could be part of the top achievers in the province and in the country. This initial conceptualization did not materialize as the Department of Education did not cooperate to make it happen.

Grade 12 Learner Support (matric application fees support) was then conceptualized to provide support learners that have excellent performance but do not have funds to cover initial application fees for tertiary education. This project is targeting excellent performers and financially needy learners who have high prospects of being admitted by institutions of higher learning. School principals were briefed about the initiative and were requested to select and submit names of the learners that fit the description and 54 learners were submitted to the municipality.

ELM facilitated partnership with tertiary institutions to propose bulk application and payment system to make coordination and payment of prospective applicants easy. NMMU was willing to support the initiative and agreed to receive bulk applications and payment for NMMU prospective students for an amount of R360 per student. A total of 54 students from complied schools were paid for by the Municipality a total amount of R 19 940.

3.13.10 WOMEN DEVELOPMENT

For the 2014/15 financial year the Women Development Strategy focused mainly on two programmes, namely:

3.13.10.1 KAIROS MOMENT

Kairos Moment is a project aimed at developing women in businesses of catering, fashion designing and hair & beauty. The program is meant to motivate, encourage women in small or micro businesses to grow to the next level in terms of improved quality on the products they offer, business image and also improved customer service. As stated the program focused on three categories, viz. a) Culinary Arts (cooking) which focussed on training participants in setting up of tables and decoration, preparing and cooking different courses of meals; b) Fashion Designing focussed on cocktail wear, tailoring and traditional print designs whilst; and c) Hair & Beauty which focused on nails, hair extentions and makeup.

The projected has been implemented for three financial years through a copetitive process of auditioning for the these three categories whereby all interested participants registered for participation by submitting their business profiles. Weekly eliminations by a panel of proffessional judes in each catergory were done and winners were identified and incentivised with R10 000 for the 1st price, R5 000 for the 2nd price and R3 000 for the 3rd price. The monies that each business won was to be utilised for the development or upgrading of their businesses.

3.13.10.2 PHENOMENAL WOMEN

Phenomenal Woman is a project aimed at recognizing local women for their outstanding contribution in different domains of society. The recognition was done through identification one overall winner from the 5 different categories viz. Women in Business; Women in Education; Women in Health and Social Services; Women in Leadership & Community Development and Women in Youth Development.

The nomination process was done through ward nominations of people in these categories and the elimination and screening was done by the phonominal woman nomination committee which was constituted by the Women Caucas, municipal SPU Office, GovernmentDdepartments, and SEDA.

The winner (Yayama HCBC of Ward 07) won R50 000 which was aimed at developing their HCBC.

3.13.11 PEOPLE LIVING WITH DISABILITIES

The municipality has a responsibility to advocate and facilitate issues of people living with disabilities. The municipality developed a strategy for PWD which was adopted by Council in December 2012 and the SPU office was then responsibility to initiate its implementation. The SPU office has since then been engaged in discussions with the PWD Structure and two disability centers (Siyamthanda Centre for the Disabled in Mdeni Ward 16) and (Cheshire Home in Mount Fletcher in Ward 9) regarding the programs that can be implemented in partnership with the municipality.

Partnerships were then entered into with two the centers to implement certain projects from the strategy.

The table below depicts the deliverables with the two facilities:

DELIVERABLES	ACTIVITIES	TIMELINES	IMPLEMENTATION REPORT
Act as information center for PWD	Provide support for members of the public regarding PWD issues in the Centre (walk ins). Rights, referrals, information sharing etc.	Ongoing	Siyamthanda: ➢ 62 Visits for 2014/2015 financial year; ➢ 18 refereed to Department of Home affairs; ➢ all received information on PWD rights; ➢ 15 received admission for their children at the school; ➢ Cheshire Home- 24 Visits for 2014/2015 financial year; ➢ 4 admitted in the Centre; ➢ Received information on the admission process of the Centre; ➢ referred to home affairs for ID application;
Community Education on the awareness road shows and campaigns	Organize 2 village awareness campaigns in the communities in the wards specified above	Quarter 1 and 3	➢ Siyamthanda center had 11 Village information sharing gatherings and 2 Awareness Campaigns for 2014/2015 financial year; ➢ Cheshire Home center had 2 village awareness campaigns in ward 10 and 11 that were done.
	Organize 2 road shows in the communities in the towns of the wards specified above	Quarter 2 and 4	Both centers had organized 1 town Awareness campaign each for 2014/2015 financial year

Care and Support house holds	Conducts door to door visits in the villages of the specific wards above.	Monthly	➢ Cheshire Home reached 19 disability households during 2014/2015. Within the Townships and Villages of Ward 9, 8, 15, 10 and 11. Out of these; ➢ Siyamthanda reached 73 Disability households during 2014/2015 within the villages of ward 4, 3, 16, 7 and Moriting Village. Out of these 48 people were assisted in terms of intake for safety keeping, School admission, Grant in Aid Applications, Disability grants applications, Physiotherapy sessions and home affairs applications; ➢ Siyamthanda is now faced with lack of space for these people and the staff to take care of these people.
Monitor progress	Compile and submit report of the statistics of the homes visited, referrals and educational campaigns.	Quarterly	4 Quarterly reports have been received in 2014/2015 financial year from each center

The table below depicts the number of employees in the Special Programmes Unit:

Employees: Special Programmes					
Job Level	Year 2014	Year 2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	4	4	4	0	0%
10 – 12	0	0	0	0	0%
13 – 15	1	1	1	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	5	5	5	0	0%
T 3.14.4					

COMPONENT E: ENVIRONMENTAL PROTECTION

3.14 POLLUTION CONTROL

In terms of powers and functions, the function of air pollution resides with the Joe Gqabi District Municipality and the Elundini Local Municipality has not played any significant role due to lack of by-laws enforcement in this regard.

COMPONENT F: HEALTH

In terms of the powers and functions, Environmental Health Services is a function of the Joe Gqabi District Municipality while Primary Health Care services have been provincialised. ELM's responsibilities with regard to Municipal Health Services are in the area of issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, overgrown erven, enforcement of related by-laws and National regulations as well as other issues which may affect public health.

In all Mayoral Outreach Programme held by the Mayor in her constituencies, the issue of health facilities always comes up as a need because there ones that are available are either not easily accessible because of bad road infrastructure or are not enough to accommodate all community members they are supposed to service.

3.15 CLINICS

The municipality does not run any clinics but is the competency of the Department of Health and currently there are 2 hospitals and 21 clinics servicing the entire Elundini municipal area as depicted by the table below:

Name	Ward No.	Type of Facility	Name	Ward No.	Type of Facility
Empilisweni Clinic (Old location Ugie)	02	Clinic	Khungisizwe (Upper Nxaxa)	07	Clinic
Ngxaza Clinic	05	Clinic	Seqhobong Clinic	13	Clinic
Hlangalane Clinic (Ramatee)	07	Clinic	Sonwabile Clinic	03	Clinic
Hlankomo Clinic	16	Clinic	St. Augustine's Clinic	05	Clinic
Katkop Clinic	07	Clinic	Taylor Bequest Hospital	09	District Hospital
Maclear Town Clinic	03	Clinic	Taylor Bequest	09	Clinic

			(Solomzi)		
Maclear Hospital	03	Hospital	Ugie Town Clinic	02	Clinic
Mangoloaneng Clinic	12	Clinic	Ulundi Clinic	14	Clinic
Bethania Clinic	15	Clinic	Umnga Flats Clinic	01	Clinic
Mqokolweni Clinic	06	Clinic	Ncembu Clinic	01	Clinic
Queen Noti Clinic	06	Clinic	Gqaqhala Clinic	17	Clinic
Lower Tsitsana	04	Clinic			

3.16 AMBULANCE SERVICES

The municipality does perform any ambulance services but is the function of the Provincial Department of Health.

3.17 HEALTH INSPECTION; FOOD AND ABATOIR LICENSING AND INSPECTION; ETC

The municipality performs its functions relating to licensing and control of undertakings that sell food to the public, municipal abattoirs. All these functions are contained in Schedule 5 Part B of the Municipal Structures Act as amended.

COMPONENT G: SECURITY AND SAFETY

3.18 POLICE

The municipality does not have municipal police as yet and policing function is still a competency of the SAPS. Currently there are eight (8) police stations in Elundini as indicated in the table below.

POLICE STATIONS & WARD NUMBERS					
UGIE	WARD 2	ELAND'S HEIGHT	WARD 4	TABASE	WARD 13
MACLEAR	WARD 3	KATKOP	WARD 7	ZAMUXOLO	WARD 14
MT. FLETCHER	WARD 9	MBIZENI	WARD 8		

Poor road conditions and few rural satellite police stations mean that access of rural villages to security facilities remains concern. Most of the communities have established the community policing forums, but require more support in terms of resources to function properly, (e.g. phones, lanterns/ torch).

Below is the table detailing the activities of the traffic section:

Police Service Data					
	Details	Year 2014	Year 2015		Year 2014
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year		169	169	
2	Number of by-law infringements attended		6	6	
3	Number of police officers in the field on an average day		7	7	
4	Number of police officers on duty on an average day		11	11	

Employees: Traffic Officers					
Job Level	Year 2014	Year 2015			
Police Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Traffic& Law Enforcement	1	1	1	1	0
Other Police Officers					
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	9	9	9	0	0%
10 - 12	3	4	3	1	25%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	13	14	13	1	6%

3.19 FIRE

Although the municipality has appointed a Fire and Disaster Management Officer, the Fire & Disaster Management Unit is still located within the traffic department and there is only one person employed responding to all fire and disaster issues. This is also a shared function between the municipality and the Joe Gqabi Disrtict Municipality.

COMPONENT H: SPORT AND RECREATION

3.20 SPORT AND RECREATION

Although the municipality sets aside budget for sporting activities through its Special Programmes Unit, the function of sport and recreation is a competency of the Department of Sport, Recretion, Arts and Culture. The municiplity has also facilitated the establishment of Sports Council that coordinates all sporting activities in the municipal area.

Utilising the MIG funding, the municipality has, for the year under review, constructed the Hopedale sports filed.

The construction of the Hopedale Sportsfield included the following items:

- the construction of an access road to the sports field that is approximately 0.8km;
- Construction of the following fields:
  - 2 x soccer fields
  - rugby field
  - 2 x netball courts
  - Athletic track with sabunga wearing course surface
  - 1 x baseball field
  - 4 x Change rooms and a Tuck Shop
- A 350 seater grand stand with shelter/pavilion.
- Cover grass with thin layer of sieved top soil to depth of not more than 15mm over the grass and smooth. Water daily or as may be required.
- A proper grass fertilisation program to be carried out.
- Concrete Palisade Fencing.
- Installation of 4 X flood lights

The table below depicts the expenditure incured in the two sports fileds:

Capital Expenditure Year 0: Sports fields R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Hopedale Sportsfield	R 6.5m	R 6.5m	R 3.3m	R 3.2m	R 11,6m

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To ensure that all citizens in Elundini Local Municipality have access to well maintained public amenities.	Number of sporting facilities	4	4	4	4	4	5	5	8
	Number of parks maintained according to predetermined check list	4	4	4	4	4	4	4	
	Number of parks maintained according to predetermined check list	4	4	4	4	4	4	4	

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.21 EXECUTIVE AND COUNCIL

This section deals with the function of the executive office that includes the Office of the Mayor, the Speaker and the Municipal Manager's Office.

The table below depicts the number of employees in each level:

Employees: The Executive and Council					
Job Level	Year 2014	Year 2015			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3					
4 – 6					
7 – 9	7	7	11	0	0%
10 – 12	5	6	4	0	0%
13 – 15	2	2	3	0	0%
16 – 18	1	1	1	0	0%
19 – 20	1	1	1	0	0%
Total	16	17	20	0	0%

3.22 FINANCIAL SERVICES

The financial serivices department of the municipality is headed by the CFO and has the following sections: Supply Chain Management; Income and Revenue; Assets Management and Budget Planning, Monitoring and Reporting. The overall objective of the department is to ensure that the municipality remains financial viable. To achieve its objective the department had to perform the following activities:

- ✓ Maximisation of cost recovery strategies employed;
- ✓ 100% spending of capital projects as per approved demand management plan;
- ✓ Adequate budgetary provision for the maintenance of all infrastructure as per the approved maintenance plan;
- ✓ Identified skills development interventions budgeted for and spending monitored;
- ✓ Implementation of the approved Rates Policy;

- ✓ Development and adoption of a revised General Valuation Roll;
- ✓ Full implementation of SCM Strategy;
- ✓ Municipality maintains sufficient cash resources to meet fixed operating costs;
- ✓ Municipality has and maintains sufficient liquidity to meet short termed obligations;
- ✓ Council's maximises the recovery of all costs associated with service delivery
- ✓ Municipality has sufficient revenue to meet loan obligations during the course of the financial year, in line with credit agreements entered into

3.23 HUMAN RESOURCE SERVICES

Critical to the survival of any institution is the development and functioning of its human resources. The ELM as a small and rural municipality constantly finds itself competing with the private and public sector for limited human capital resources as a result the municipality at times find it difficult to attract and retain competent and critical skills.

The human resources department is an integral part of Corporate Services and is mainly responsible for the following functions as contained within the municipal IDP:

- ✓ Effective and efficient Recruitment and Selection of personnel.
- ✓ Effective administration of staff benefits.
- ✓ Maintain sound Labour Relations.
- ✓ Ensure Occupational Health and Safety of employees.
- ✓ Wellness
- ✓ Training and development of staff and unemployed.
- ✓ Employment Equity development; implementation and reporting.
- ✓ Organizational design and development.
- ✓ Performance Management of staff below section 57 managers.

The ELM continues to face increased pressure to present itself as a credible employer of choice and therefore the ability to attract and hold on talent is the single most reliable predictor of overall excellence and the municipality seeks to have a competent and motivated workforce with increased morale for the purposes of improving employee performance, the municipality then in December 2012

awarded a project to a service provider for the development of a Team Based Performance Reward Operational Plan, Market Related Remuneration Framework and Municipal Talent Management

Strategy that will look and address all human related issues incorporating all the policies listed above that the municipality has developed.

As part of an on-going Human Resources Development process, the municipality has recently reviewed a number of HR related strategies and policies.

3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

No.	ITEM DESCRPTION :	DEADLINE :	STATUS :
1.	**IT Medium Term Strategy:** • The development of IT medium term strategy for financial year 2013 -2015 financial years.	November 2013	Completed
2.	**Dealing With ICT Control Weaknesses:** • AG Queries ; • Internal Audit; • IT General Control Weaknesses; • Application Control Weaknesses;	December 2013 June 2014 On Going December 2013	Completed Completed 100% Complete 100% Complete
3.	**Policies & Procedures:** • The review and approval of ICT Policies and Procedures; • Run workshop and get polices approved; • Train end users on ICT Policies and Procedures; • Implement user access controls	15 Feb 2013	Completed
4.	**Guide and Train IT Staff:** • Provide reports on training monthly	Continuous	Continuous
5.	**IT Maintenance Plan:** • Document the network; • Reviewing access controls; • Review backup and restore procedures; • Implement the audit recommendations; • Perform data cleanup on applications and active directory	December 2013	Completed

6.	**Change Control Process:** • Prepare change control procedure	November 2013	Completed
7.	**IT Strategic Plan:** • Assist with the review of the IT Organizational Structure in line with the MSP recommendations in order to address ICT needs.	November 2013	Completed
8.	**IT Steering Committee Mandate and Terms of Reference:** • Develop IT Steering Committee Terms of Reference • Facilitate the establishment of the IT Steering Committee • Review delegation framework for the IT Security Officer	November 2013 February 2014 December 2014	Completed Completed Completed
9.	**IT Risk Framework:** • Facilitate the development of IT Risk Management Framework • Assist in the facilitation of IT risk assessment • Implement recommendation from the risk management exercise	April 2014	Completed
10.	**User account management:** • Maximum password age - should be at least 30 days • Minimum password length - should be at least 8 characters • Minimum password age - should be at least 20 days • Password history - should be at least 24 passwords remembered • Lockout threshold – maximum 3 invalid attempts	November 2013	Completed
11.	**Develop User Account Management Procedures:** • User account administration (registering users, changing of access rights, password resets and termination of access rights), together with the use of formal request form / documentation. • Review of activities (user creation, user ID maintenance and allocation of functions) performed by persons with controller/admin privileges. • Review of whether employees' current access and privileges on the system are still commensurate with their job responsibilities. • Review of access violations and logon violations. • User Account Management Policy and Procedures	December 2013	Completed
12.	**Change Management:** • Document change management procedure • Create change control forms	December 2014	Completed

13.	**Stabilizing Exchange Server:** • Configure outlook anywhere • Diagnose and repair OWA error messages • Configure attachment restrictions to tally with policy	April 2015	Completed

3.27 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Properties

The municipality does not have a dedicated property division but the function is performed within the Asset Management Section within the Budget and Treasury Office.

Legal

During the year under review, the municipality has employed a Legal Advisor who deals with all legal issues required by the municipality and where necessary employs the services of outside legal services providers

Risk Management

The municipality has developed and adopted Risk Management Policy and has established a Risk Management Committee constituted by members of staff appointed by the Municipal Manager. The committee sits quarterly or when a needed to deal with all risk management issues

Procurement Services

Procurement services are dealt with within the dedicated Supply Chain Management Unit where the process of acquiring goods is managed.

NO.	ACTIVITY UNDERTAKEN	IMPLEMENTED	PROGRESS/DATE IMPLEMENTED
1.	SCM Policy	ELM developed a Supply Chain Management Policy taking into account the Municipal SCM Regulations. The Policy was work shopped with all ELM Councillors and officials. However a tender for the review of this policy, procedure manual which entails comprehensive Contract management is on the evaluation stage.	The SCM Policy was last reviewed and implemented to give effect to the SCM Regulations on June 2015. The Council adopted the last reviewal on the same date.
2.	Committee System	The Accounting Officer established a committee system that is consistent with the Municipal SCM Regulations and any other applicable legislation for competitive bids consisting of: (i) a bid specification committee; (ii) a bid evaluation committee; and (iii) a bid adjudication committee; Rules and procedures governing the functioning of the above mentioned Bid Committees were drafted.	The Bid Specification, Bid Evaluation and Bid Adjudication Committees function very well and they were appointed in writing.
3.	Code Of Conduct, Oath Of Secrecy, Declaration Of All Business Interests	The Code of Conduct, Oath of Secrecy and Declaration of all business interests have been drafted, and were signed by all officials involved in SCM process.	The Code of Conduct, Oath of Secrecy and Declaration of all Business Interests is signed by all officials involved in SCM process on an annual basis.
4.	System of Demand Management	Bid Specifications Committee Members Trained.	Training is on-going. As all new members are trained as and when required. The last training we had was on the 11th and 12th March 2014.And the training was facilitated by Dr Watermeyer. Another training is being facilitated and it is envisaged to take place in October 2015.
		Notice boards placed in a public area that is accessible	Bid notice boards are placed in areas that are accessible.
		Bid Box placed in a public area that is accessible during office hours.	The bid box is situated at Ground Floor, 01 Seller Street, and Finance Department at the Cashiers reception area.
		Bid Specifications Committee commenced with effect from the date Members were appointed and membership is renewed annually .	The Bid Specifications Committee commenced with effect from the date members were appointed and membership is renewed annually.
		For goods or services between the values of R1.00 and R30 000 we are using requisition books and requesting quotations by phone.	The ELM requisition books that allow Section Head and Head of Department signatures for request and recommendation of procurement of proposed goods and services are still being utilized.
		Placing notices on the Bid Notice Boards and website and advertising for goods or services between the values of R30 000 and R200 000 with effect from the date our policy was adopted.	All bid notices for the advertising for goods and or services above R30 000 and R200 000 is placed on the Bid Notice Boards and ELM Website.
		Demand Management Plan which entail capital projects and procurement of major commodities is still being compiled by the SCM Unit.It is envisaged that it will be finalized by Friday,27 June	SCM office monitors and ensures that we procure according to this plan. Monthly reports on the implementation of the plan are expected to be prepared by SCM office to the Municipal Manager.

		2014	
5.	System of Acquisition Management	Bid Evaluation Committee Members trained.	Training is on-going. As all new members are trained as and when required. The last training we had been on 11th and 12th Mach 2014. And the training was done by Dr Watermeyer Another training is being facilitated and it is envisaged to take place in October 2015.
		Bid Adjudication Committee Members trained.	Training is on-going. As all new members are trained as and when required. The last training we had was on 11th and 12th March 2014.And the training was facilitated by Dr Watermeyer. Another training is being facilitated and it is envisaged to take place in October 2015.
		Threshold levels embedded in our SCM Policy are observed and applied.	as per our SCM policy and pursuant to the revised Preferential Procurement Regulations, 2011.
		General preconditions for consideration of written quotations or bids developed.	General Conditions of Contract included in all bids as well as special conditions where applicable.
		Lists of accredited prospective providers developed, i.e. General, Professional and Contractors Databases. These databases are updated on a daily bases to include any additional prospective providers and any new commodities or types of services.	A list of accredited prospective providers is in place. The Database is updated daily. The Municipality is in the process of migrating the data from normal excel spread sheet to the new SEBATA SCM Module (System).This system is envisaged to revolutionaries the SCM paper based system, and on the other hand it will help minimize the risks involved with the current system such as in circulation of business amongst the service providers favouritism and/or collusion with suppliers. SCM Unit went further on that it will recommend for a camera around the tender Box to minimize the chances of interference and/or any sort of unruly and unethical behaviour by designated officials and the public.
		A procedure for procuring goods or services through written or verbal quotations and formal written price quotations is in place and is in the process of being reviewed.	A Procedure Manual for procuring goods or services through written or verbal quotations and formal written price quotations has been developed.
		Delegation by the Accounting Officer to all HODs approving the procurement of goods and services between the values of R30 001 and R200 000 implemented. And the delegation of decision making powers to the Bid Adjudication Committee was made on the 12 March 2013.	Delegations in terms of Elundini Local Municipality' Delegation Policy is implemented.
		Process developed for competitive bidding.	In so far our competitive bids are implemented according to our SCM policy, NT regulations and CIDB regulations where necessary and other relevant pieces of legislation.
		Procedures developed for the procurement of goods and services from other Organs of State.	In so far the procurement of goods and services from other Organs of the State as per MFMA and SCM regulations.
		Procedures developed for emergency and urgent procurement of goods and services.	In this instance Our SCM Policy is followed and strictly complied with .Deviation forms were developed and they get signed by the manager of the user department, SCM Manager and approved by the Chief Financial Officer(CFO) for any transaction less than R100,000.00 and Municipal Manager approves transactions above R100,000.00 in terms of this.
		Procedures developed for deviating from and ratification of minor breaches of procurement processes.	In this instance Our SCM Policy is followed and strictly complied with .Deviation forms were developed and they get signed by the manager of the user department, SCM Manager and approved by the Chief Financial Officer(CFO) for any transaction less than R100,000.00 and Municipal Manager approves transactions above R100,000.00 in terms of this.
		Bid Evaluation Committee commenced with effect from the approval	The committee is still in place and its meetings are set to convene as per the dates set on the

		of the SCM policy	Bids Committee calender.
		Bid Adjudication Committee commenced with effect from 1 October 2005.	The committee is still in place and its meetings are set to convene every Friday.
6.	System of Logistics Management	Contract documentation for all contracts entered into through the procurement of goods and services is kept safely on our archives.	After each award, a Service Level Agreement (SLA) and Form of Offer and Acceptance for construction related contracts are signed after each award as the case may be. All contract documents are archived.
7.	System of Disposal Management	Asset Management Policy has been developed.	The Asset Management Policy is in place. The Asset Management Policy is reviewed whenever there is a need to do so
8.	System of Risk Management	Risk Management aspects are in place.	A System of Risk Management has been developed and implemented.
		Code of Conduct Signed by officials involved in SCM.	The Code of Conduct is signed by all officials involved in SCM on an annual basis.
		Oath of Secrecy signed by officials involved in SCM.	The Oath of Secrecy is signed by all officials involved in SCM on an annual basis.
		Declaration of all Business Interests signed by officials involved in SCM.	The Declaration of all Business Interests is signed by all officials involved in SCM on an annual basis.
9.	System of Performance Management	Monitoring and performance mechanisms put in place.	Monitoring and performance mechanisms have been developed and implemented.
		Reporting monthly to National and Provincial Treasury on all adjudicated bids.	Monthly reports are submitted to NT and PT.
		Reporting monthly to the Accounting Officer on the procurement of all goods and services.	Monthly reports are submitted to the Accounting Officer.
		Reporting quarterly to the Mayor on the procurement of all goods and services.	Quarterly reports are submitted to the Mayor.
		Reporting quarterly to Council on the procurement of all goods and services, i.e. Quarterly SCM Report.	Quarterly reports are submitted to Council.
10.	Gifts Register	Reporting as and when this occurs to the Accounting Officer in terms of declarations of rewards, gifts, favours, hospitality or other benefit promised.	Each and every department has in the office of its HOD the Gifts register where officials are expected to disclose in terms of declarations of rewards, gifts, favours, hospitality or other benefit promised.

COMPONENT J: ORGANISATIONAL PERFOMANCE SCORECARD

Below is the audited institutional and departmental performance information for the year under review. The performance information was verified for completeness against the revised SDBIP, Output Plans and the Performance Framework and any issues of non-alignment were highlighted and dealt with by the affected departments:

INSTITUTIONAL PERFORMANCE INFORMATION

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.1	Number of people from designated groups employed in the top 3 management level positions in compliance with the EE Plan	4	4 (CFO, Solid Waste Manager, ICT Manager and Superintendent Electrical Services)		TA		Appointment letter	R 800 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Manager Community Services not yet appointed		Municipal Manager will fast track the process					

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.2	No. of critical vacancies filled. (CFO, Community Services Manager and Solid Waste Manager)	3	4		TA		-	R 410 000 (May and June)	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Manager Community Services not yet appointed		Municipal Manager will fast track the process					

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.3	% achievement of IDP objectives and targets for the organisation	80%	76%	TPA			POE	R 233 686	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	1. Targets for unauthorised, wasteful and irregular expenditure not achieved. 2. 99% expenditure on MIG and INEP 3. Waste management plan not developed yet.							

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.4	% Section 56 managers signed performance agreement	100%	100%	TA			Performance agreements	R 150 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.5	% section 56 managers assessed	100%	100%		TA		Assessment report	R 150 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.6	% of a municipality's budget actually spent on implementing its workplace skills plan	1%	2014/2015 payroll budget 60 201 000 x 1 % = 601 100 Actual training budget =1 522 074 translating to 2.5%		TA		Ledger printout for training.	R 1 430 074	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More budget was availed for training.							

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.7	Review of the Procurement Strategy to include beneficiation of focus groups	1	N/A	N/A			N/A	R 200 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The matter was discussed in the Strategic Planning session and the view was that SPU should develop a mainstreaming policy rather than to do an amendment on the Procurement Strategy							

KPA 2: BASIC SERVICES & INFRASTRUCTURE

Strategic objective: To ensure that all communities and households has access to basic level of electricity, waste removal, roads & storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.1	Number of additional households with access to basic level of electricity	289	361 households		TA		▪ Report from service provider	R16m Currently only R2m is budgeted for 2014	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Improved planning							

Strategic objective: To ensure that all communities and households has access to basic level of electricity, waste removal, roads & storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.2	The total number of households and commercial properties of urban households with access to the basic level of solid waste removal	7 285	7 271 urban household and commercial properties have access to basic level of solid waste removals		TA		✓ SmartSurve Report ✓ Collection schedule ✓ Billing report	R 2.4 Million	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Waste was collected from all houses. Target to be corrected Midyear 2015/2016.							

Strategic objective: To ensure that all communities and households has access to basic level of electricity, waste removal, roads & storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.3	The Number of households earning less than R1100 per month with access to free basic services	6 000	9224 households accessing free basic Services.	TA			FBS Report for June 2005 attached	R 2 683 766	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** All properties valued at R 55 000 automatically qualify to be indigent and that has resulted into increased number of indigents		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households has access to basic level of electricity, waste removal, roads & storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.4	Land filled sites [Development of the Integrated Waste Management Plan]	1	0 The service provider has been appointed and work is in progress.	TPA			Report on the project submitted to the MM	R 280 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Although advertisement was issued around Feb/March, further procurement processes resulted in the service provider being appointed in June 2015.		**Mechanism proposed to address the performance shortfall** Fast track the appointment of service provider.					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households has access to basic level of electricity, waste removal, roads & storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.5	Conduct a diagnostic study into the utilization of plant including elements of efficiency, effectiveness and economy	1	1		TA		Diagnostic report	R 900 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of new jobs created through LED initiatives including capital projects	117	• 94 jobs that were created through Mass Job Creation and EPWP during 2014/2015. • 25 people employed through Forestry project TOTAL = 119		TA		▪ Beneficiary information report from Mass Job: Project Co-ordinator. ▪ Expenditure report from Project Accountant signed by Municipal Manager ▪ List of people employed through forestry project	R 500 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements				Evidence Information	Annual Budget	% Spent
				TN	TA	TPA			
3.1.2	No. of small town regeneration initiatives implemented (phases within the projects)	5	5 **1. <u>Taxi Rank</u>**		TA		Latest report on the Taxi rank	R 1 Million	
PERCENTAGE ACHIEVED		**<u>Explanation for deviation from the planned targets</u>**		**<u>Mechanism proposed to address the performance shortfall</u>**					
<u>CANDIDATE</u>	**<u>PANELIST</u>**								

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.2	Number of small town regeneration initiatives implemented(Supported)	5	**5** The municipality developed a concept on Small Town Regeneration. It identified four projects which 1 of them the municipality had to implement directly by the municipality whilst three of them had to be facilitated by the municipality **2. <u>Craft Centre Development</u>** In summary, the municipality has developed the Craft Centre because : Craft industry provides employment for vulnerable segments of society which are mostly women. Craft is an entry point into the economy and craft business is a small business who is survivalist. The development of SMMEs is vital for the economy. Craft is a source of innovation for the entire economy. Craft is linked to other industries. Development of our local skills base and labour pool is a national priority. There are growing export (forex generation) and local markets for craft products		TA		Latest site meeting minutes and picture of the craft centre	R 1 Million	86.4%
PERCENTAGE ACHIEVED		**<u>Explanation for deviation from the planned targets</u>**		**<u>Mechanism proposed to address the performance shortfall</u>**					
<u>CANDIDATE</u>	**<u>PANELIST</u>**								

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.2	Number of small town regeneration initiatives implemented (Supported)	5	5 The municipality developed a concept on Small Town Regeneration. It identified four projects which 1 of them the municipality had to implement directly by the municipality whilst three of them had to be facilitated by the municipality **3. Office Park** Department of Provincial Pubic Works appointed a Principal Agent and the site hand over was done on the 26th January 2015 and the contractor is on site. The office park will improve access to services and contribute towards revenue generation of the municipality (R 140 Million) **4. Commercial Development** The MOU has been signed and implemented. National Treasury is also a future partner which will co-fund the transactional advisor and project manager for the development. **5. Wool Processing Development** 46 shearing sheds have been registered as co-operatives. Advertisement for the strategic partner has been done, though a specialist advised that the respondent could not be recommend to partner, but the report advised on the institutions that in South Africa could be strategic partners into the project and the feedback will be reported to the farmers to take decision on the way forward.		TA		Latest standing committee reports	R 1 Million	86.4%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**					**Mechanism proposed to address the performance shortfall**		
CANDIDATE	**PANELIST**								

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	Cost Coverage in months. Cash and cash equivalents/ Monthly Fixed operating costs (excluding non-cash items)	1 month	2 months		TA		C- Schedule report Cash flow statement and statement of Financial position.	R 725 775	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** More collection on rates and services.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	Outstanding service debtors to service income ratio (Total outstanding service debtors / annual revenue collected for services)	60%	R 13 791 787/R 162 861 180 = 8%		TA		Income vs debtors report attached.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Due to the positive collection rate on debtors during the financial year.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements				Evidence Information	Annual Budget	% Spent
				TN	TA	TPA			
4.1.3	Debt coverage (Total operating revenue received less operating grants/ debt service payments (interest and redemption) due within a financial year	95 times	494 times		TA		M12 report as at 30 June 2015	R725 775	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Very little debt with DBSA, which has since been repaid as at 30 June 2015		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.1	% of the of capital budget actually spent on capital projects	85%	Actuals R47 667 000/51 384 000*100 =93%		TA		C-Report attached	R38 534 .00	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There was more proficiency in project execution, including the spending of rollover funds.							

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.2	% expenditure on all infrastructure grants (INEP&MIG)	100%	99.34% MIG 99.03% INEP		TPA		Expenditure Report	R 38 534 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Performances in expenditures were pushed to achieve the required 100% standard in which it was not, due to poor performance of some of the appointed service providers.		The department and the institution desire to achieve 100% expenditure in all grants by end of each financial year.					

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.3	% elimination of Unauthorised expenditure	100%	40% Last year = R 5 179 958 This year = R 2 979 678	TPA			-	-	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Lack of budgetary control in Community Services.		Stringent budget monitoring mechanisms have been put into place					

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.4	% elimination of irregular expenditure	100%	0% Last year = R 41 249 This year = R 484 147.84	TN			Committee report on fruitless and wasteful expenditure	-	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Service provider which did not disclose that they are in the service of the state.							

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.5	% elimination of wasteful expenditure	100%	0%% Last year = R 90 207 This year = R 902 052	TN			Committee report on fruitless and wasteful expenditure	-	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	SARS audited results for year 2007 to 2013 which was only done in 2014/2015 financial year.		Training of Finance staff on preventative measures.					

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.6	Liquidity ratio (Current assets to current liabilities)	1.5:1	53 386 000/29 138 000 =1.83:1	TA			C- Schedule statement of Financial Position.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More cash collection towards the end of the financial year.							

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	% implementation of the institutional Compliance and Risk Management Plans	100%	100%		TA		Consolidated annual risk register report	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	(No. of) Sustain unqualified audit report with no compliance findings	1	Audit Opinion sustained There were compliance findings		TA TN		Auditor General Report.	R 3 082 500	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The absence of the CFO has led to this		The CFO has been appointed					

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements				Evidence Information	Annual Budget	% Spent
				TN	TA	TPA			
5.1.3	% implementation of the institutional service delivery charter	100%	100%		TA		Consolidated annual service delivery charter	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Below is the breakdown of targets achieved per the municipal departments:

MUNICIPAL MANAGER'S OFFICE

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives.

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.1	% achievement of targets	80% (11/14)	100%		TA		Report & POE	R 7 536 720	85%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives.

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.2	% of staff with signed performance contracts.	100% (18/18)	100%.		TA		Copy of signed performance agreements	R 0	R 0
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objectives: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of the of capital budget actually spent on capital projects	85% (R 85 000)	93%		TA		C- Schedule report Cash flow statement and statement of Financial position.	R 130 000	95%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There was more proficiency in project execution, including the spending of rollover funds.							

Strategic Objectives: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% of unauthorized expenditure avoided.	100%	100%		TA		Copy of unauthorized, expenditure report from Department of Finance	R 0	R 0
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% of irregular expenditure avoided.	100%	100%		TA		Confirmation correspondence and Copy of irregular expenditure from Supply Chain.	R 0	R 0
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.4	% of fruitless and wasteful expenditure avoided.	100%	100%		TA		Confirmation correspondence from Finance	R 0	R 0
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Functional (% of resolutions/ recommendations implemented) governance structures	100%	100%		TA		Report on resolution implementation	R 0	R 0
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	% implementation of the Compliance and risk management plans	100%	100%		TA		Risk register	R 100 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the institutional service delivery charter.	100%	100%		TA		Report on 100% implementation of service standard charter	R 200 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.4	No. of communities informed about service delivery progress.	88 villages	455 villages		TA		Newsletter distribution register signed by CPLWs	R 433 000	76%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.5	No. of wards that actively participate in the affairs of the municipality.	17	17		TA		1. Ward committee report 2. Village-based community report	R 2 million.	99.9%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.6	No. of youth empowerment projects implemented	3	3 ✓ Mayoral cup ✓ Youth Centre operations ✓ Registration of youth cooperatives		TA		✓ Mayoral Cup closure report ✓ Youth Centre report ✓ Report for registration of cooperatives	R 600, 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.7	No of mayor's social investment projects implemented to improve education and students access to tertiary education.	3	4 projects • Bursary support • Adopted Khalatsu JSS in Mt Fletcher. • Bridge of hope • Leaner support (Grade 12 registration support to tertiary institutions for 54 learners.		TA		MSI report	R 476 550	78%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.8	No. of business management and technically skilled women.	9	10		TA		The Kairos Moment Project closure report	R 635 400	98 %
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.9	No. of successful NGO partnerships that support skilling of PWD.	2	2		TA		Copy of agreements	R 211 800	66 %
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objectives: To promote good governance, clean administration public participation and inclusivity of focus groups

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.10	No. of successful partnerships to support implementation of HIV/AIDS plan.	15	15		TA		Copy of partnership agreement signed by ELM and NGOs	R 720 120	66.4%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.1	% targets achieved	80%	84% (13/16)		TA		Departmental annual performance report	R 4.5 million	70%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Some commitments will be settled by august 2015 in terms of budget							

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.2	% of own staff with signed performance contracts	100%	100% • The two assistant managers and senior town planner (3) • All other staff except the one who was appointed in the last quarter (May 2015).		TA		Staff Agreements and work plans for 10 employees	-	-
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.3	% Staff assessed	100%	15% Only assistant managers are assessed			TPA	Assessment report	-	-
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The lower level staff has not been assessed. The outstanding annual performance of 2013/2014 should be assessed first after which 2014/2015 should be done.		The institution will consider the assessment t of both years in the first quarter 2015/2016					

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of partnerships established and maintained in the key economic sectors	3	6 Three partnerships have been maintained steadfastly and effective results have been achieved through the partnerships and 3 have been established this year and will continue in the coming financial year. **Furntech and the Municipality Partnership achievements** • Factory Facility layout Developed • Management of contractors who renovated the factory • Factory Machinery and equipment layout and planning of the workshop machinery • Facilitated the commissioning of the machinery • Development of training manuals • Facilitated establishment of community and workers trust • All incomes and expenditure related to the project are kept in a separate account • Furniture which is worth R2		TA		Partnership agreements, reports and letters.	R 100 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Other partnerships were added as a result of intergovernmental relations.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of partnerships established and maintained in the key economic sectors	3	6 Three partnerships have been maintained steadfastly and effective results have been achieved through the partnerships and 3 have been established this year and will continue in the coming financial year **ECRA, Elangeni Traditional Council and the Department of Strategic Planning** Achievements • Establishment of Community Trust for Elangeni Traditional community • Training of the trustees on governance and project management • Participatory learning workshops • Development of stakeholder responsibility register • Communication participatory guidelines **160 hectors have been planted to date**		TA		Partnership agreements, reports and letters.	R 100 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Other partnerships were added as a result of intergovernmental relations.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of partnerships established and maintained in the key economic sectors	3	6 Three Partnerships have been maintained steadfastly and effective results have been achieved through the partnerships and 3 have been established this year and will continue in the coming financial year **P.G Bison and the municipality** **Achievements** Training for Furniture manufacturing beneficiaries - First Aid - Health and safety training		TA		Partnership agreements, reports and letters.	R 100 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Other partnerships were added as a result of intergovernmental relations.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of partnerships established and maintained in the key economic sectors	3	6 Three Partnerships have been maintained steadfastly and effective results have been achieved through the partnerships and 3 have been established this year and will continue in the coming financial year **NHBRC and the Municipality** In response to the Municipal Construction Procurement strategy approved by the Council, which seeks to promote the local SMME which were previously not benefiting in the construction procurement. Training of 50 Contractors in 10 modules was done to enhance the readiness of the local contractors to participate in 2015/2016 construction procurement.		TA		Partnership agreements, reports and letters.	R 100 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Other partnerships were added as a result of intergovernmental relations.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	Number of partnerships established and maintained in the key economic sectors	3	6 Three Partnerships have been maintained steadfastly and effective results have been achieved through the partnerships and 3 have been established this year and will continue in the coming financial year **5. <u>IDC and the Municipality</u>** R 5 million has been secured for the Furniture Manufacturing Project. **<u>6. National Public Works and Municipality</u>** The MOU has been signed between the two institutions and the partnership in planning the development of the mall and the precinct has been supported and have been included in the budget speech of the **N**ational Department of Public Works as a priority project that has been planned for.				Partnership agreements, reports and letters.	R 100 000	100%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	Other partnerships were added as a result of intergovernmental relations.	

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.2	Number of jobs created through community forestry development	25	Q1 = 25 people employed.		TA		List of people employed	R 300 000	100%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	The intake for forestry development has happened in the 1st quarter and therefore no intake must be reflected in other quarters and the SDBIP should be reviewed. Even though 40 was a baseline, according to 2013/2014 intake, due to budget constraints, the intake changed in 2014/2015 to be 25. Therefore the target should be reviewed during the adjustment.	

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.3	Number of forestry projects established	1	2 • Ntabelanga (60 hectares) • Siqhungqwini (80 hectares)		TA		Report submitted to the MM	R 200 000	100%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	Initially, Esixhotyeni areas were targeted but later on, other nearby villages like Ntabelanga were included.	

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.4	Strategic partner facilitated for wool development	1	Not Achieved	TN			-	R 450 000	15.5%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	One service provider responded. A specialist was appointed to view the documents of the bidder and the specialist report advised that its functionality is not worth to be a strategic partner, but the same report advised on the possible strategic partners in South Africa which could be considered for wool processing.	A reporting session will be held with the farmers and be advised of a possible strategic partner as proposed by the specialist. The way forward will be taken with them.

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.5	Number of entrepreneurs who received business info. through the business networks supported	150	774 **Q1= 620** **500** farmers had a learning encounter from the Eastern Cape Wool Congress which was held on the 21 August 2014. **120** community stakeholders had learning encounter during the tourism celebration held on the 30th September in Maclear **Q2 = 154** • 93 street traders • 14 Elundini Furniture Manufacturing • 49 Contractors **Q3= 50 contractors** Training of the 50 contractors **Q4= 50 Contractors** On the 25th of June, the department in partnership with NHBRC organised the contractor graduation ceremony which included the information sharing session by ECDC, NHBRC, to assist the new contractors with access to finance in the event that they receive a contract from the municipality or other institution.		TA		Attendance registers	R 100 000	100%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**		

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.6	Number of Social enterprises with access to business support services through the co-operative Centre and other interventions	80	86 Q1 = **40** cooperatives received an information sharing session on the 28 August 2014. The Co-operative Centre has been finalized in the last quarter and the available funding was channelled to the completion of the Co-operative **Q4 = 46** co-operatives (Shearing sheds) have been supported with registration		TA			R 350 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Business networks enabled platforms of engagement to improve.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.7	Value of total inward investment directly or indirectly facilitated by the municipality	R 50 million	R 21 Million			TPA	Departmental Investment Report	R 250 000	95%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The baseline was taken from the previous year and the target was set in relation to the base line.							

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.8	Number of small town regeneration initiatives implemented(Supported)	4	**4** The municipality developed a concept on Small Town Regeneration. It identified four projects which 1 of them the municipality had to implement directly by the municipality whilst three of them had to be facilitated by the municipality **1. <u>Craft Centre Development</u>** In summary, the municipality has developed the Craft Centre because : Craft industry provides employment for vulnerable segments of society which are mostly women. Craft is an entry point into the economy and craft business is a small business who is survivalist. The development of SMMEs is vital for the economy. Craft is a source of innovation for the entire economy. Craft is linked to other industries. Development of our local skills base and labour pool is a national priority. There are growing export (forex generation) and local markets for craft products		TA		Latest standing committee report	R 1 Million	86.4%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**		

Strategic objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.8	Number of small town regeneration initiatives implemented (Supported)	4	**4** The municipality developed a concept on Small Town Regeneration. It identified four projects which 1 of them the municipality had to implement directly by the municipality whilst three of them had to be facilitated by the municipality **2. <u>Office Park</u>** Department of Provincial Pubic Works appointed a Principal Agent and the site hand over was done on the 26th January 2015 and the contractor is on site. The office park will improve access to services and contribute towards revenue generation of the municipality (R 140 Million) **3. <u>Commercial Development</u>** The MOU has been signed and implemented. National Treasury is also a future partner which will co-fund the transactional advisor and project manager for the development. **4. <u>Wool Processing Development</u>** 46 shearing sheds have been registered as co-operatives. Advertisement for the strategic partner has been done, though a specialist advised that the respondent could not be recommend to partner, but the report advised on the institutions that in South Africa could be strategic partners into the project and the feedback will be reported to the farmers to take decision on the way forward.		TA		Latest standing committee reports	R 1 Million	86.4%
PERCENTAGE ACHIEVED **<u>CANDIDATE</u>** / **<u>PANELIST</u>**		**<u>Explanation for deviation from the planned targets</u>**		**<u>Mechanism proposed to address the performance shortfall</u>**					

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of the of capital budget actually spent	85%	93%		TA		C- Schedule report Cash flow statement and statement of Financial position.	R 2.5 Million	86.4%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There was more proficiency in project execution, including the spending of rollover funds.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% elimination of unauthorized expenditure	100%	100%		TA		Departmental Response report	-	-
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% elimination of irregular expenditure	100%	100%		TA		Departmental Response report	-	-
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	All queries were responded to and submitted to the committee							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.4	% elimination of wasteful expenditure	100%	100%		TA		Departmental response Report	-	-
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Implementation of departmental EXCO and council resolutions	100%	100% The resolutions received from committees have all been attended to.		TA		Departmental EXCO and Council resolution report	R 50 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	.							

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	% implementation of the Compliance and risk management plans	100%	150% The limited participation of SMMEs in the Municipal Infrastructure Grant due to state of readiness of local contractors to respond to the opportunities was the main risk focus of the department. The department partnered with NHBRC to make sure that the local contractors are ready. The program has been a success and 50 local contractors have been trained (Theory and Practical). ECDC contractor financing program has also been facilitated to finance the appointed contractors. The department also developed the pre-selection criteria and the terms of reference for local contractor who will benefit from 25% of the infrastructure grant.		TA		Risk Departmental report	R 50 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More programs were facilitated to improve the state of readiness form the SMME Contractors.							

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the institutional service delivery charter	100%	100%		TA		Departmental service charter report	R 250 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.4	Credibility IDP and SDBIP	High rating	High rating Quality of work is maintained		TA		Assessment results by DLGTA	R 200 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.5	Verified Institutional performance reports	5	5 + 5 • 5 Quarterly report • 1 Consolidated Annual Performance report • 1 Institutional Annual Report Quality is progressively improving in the performance information reports The department does not only verify these reports, it also verifies 4 quarterly performance information reports produced by Internal Audit		TA		Internal audit report of the third quarter Departmental Produced reports submitted to internal audit	R 50 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Since performance information is also audited, more effort is done to improve the quality of reports		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

CORPORATE SERVICES

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN / TA / TPA	Evidence Information	Annual Budget	% Spent
1.1.1	Review of equity plan	1	1 • EE workshop for EE consultative Committee; • Consultative meeting was convened on the following dates: ∇ 09 April 2015; • Draft EE plan submitted to DoL for final comments.	TA	• Attendance Register for EE workshop; • Minutes of SDEEF meeting; • Draft EE plan and e-mail transcript to DoL.		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**			
CANDIDATE	**PANELIST**						

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN / TA / TPA	Evidence Information	Annual Budget	% Spent
1.1.2	All vacant budgeted post filled	21	26 Appointments done	TA	• Appointment letters; • Advertisements; • Minutes of shortlisting; and Minutes of interviews • List of all employees appointed during this period		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**			
CANDIDATE	**PANELIST**						

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.1	% achievement of targets for **CPS**	80%	86%		TA		POE		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.2	% of workplace skills plan implemented	100%	49.4 % Excel training for 10 employees, 04 – 06 February 2015; Configuring Advanced Windows Server 2012 Services 1 attendee, 09 – 13 Feb 2015; MFMP, 3 attendees, 27 March 2015; Electrical Trade Test, 2, 16 March 2015; Master's in Public Admin, 1 , In the 4TH QUARTER, the following training interventions were conducted, viz. EE workshop; Records Management Workshop; Basic Law Enforcement & Traffic Officer Training; Electrical Trade Test; SEBATA HR and Financial Systems Training; Four unemployed graduates given exposure in the workplace, 2 being interns and the other 2 being temporary employees.		**TPA**		Training report Training schedule and terms of reference, appointment letters, attendance registers and tax invoices		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Delay caused by failure to reach consensus on the WSP between Employer and Unions; There was a dispute with labour around trainings that were deemed to be less or no trainings for unskilled workers; When the matter was resolved with unions about end November 2014,there was an issue on the Supply Chain Management side reporting procurement of service providers to conduct training		Consensus reached on 29th Sept. 2014;training intervention will therefore be fast tracked moving forward					

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.3	20% of Talent management strategy implemented	20%	100% • A tender for team building has been evaluated and tender awarded; • ICT policies reviewed and submitted to council for approval. • A bid had been awarded; • Reported EAP cases referred 100%; • Recruitment plan in place; • SHE Committee Meeting; Issuing of non-compliance notice to the ICT Section; Issuing of non-compliance notice to the Asset Manager/Acting CFO; facilitating issuing of PPE to the Community Services Parks and Refuse employees; • Team building conducted on 26 – 27 March; Electrical Trade test done on the 16 March 2015; • Review of HR Policies; Cancer screening, TB & HIV/AIDS Awareness; Condom distribution; Supportive services to employees experiencing psycho-social problems; Meetings with troubled employees and their respective families 29 January 2015 and 02 February 2015; • Developed and submitted the 2015/2016 WSP to the LGSETA and acknowledgement of same; • Annual Return of Earnings for 2014 – 2015 was duly prepared and submitted on time. A letter of Good Standing was issued in compliance thereof; • An Employment Equity Plan has been reviewed and a draft is in place. This was in response to the department's Findings on inspections conducted. The copy has been forwarded to the dept of Labour [inspectorate] for their comments; • Finalising Performance assessment for assistant		TA		• Bid evaluation report for team building; • Tender advert for skills profiling; • ICT reviewed policies; • EAP report • Recruitment Plan; • Appointment letter for the Team Building Services Provider; • Appointment letter for the Skills Audit and Competency Profiling Services; • Minutes of the Health & Safety Committee, attendance registers; Copy of the non- compliance notice; • Copy of the non-compliance notice; Signed PPE Issue list by all the employees; appointment letters; policies reviewed; monthly reports from EAP office; • Emergency Work & Overtime Form and; Council minutes of the 26th June 2015 Attendance register; • WSP as duly submitted to the LGSeta and; Letter of Acknowledgement from the LGSeta; • Annual Return of Earnings as dully submitted to the dept of Labour and; Letter of Good Standing as issued by dept of Labour; • Draft EE Plan and email forwarding the draft to the dept of labour for comments;		

			managers and other contracted employees for the year 2013/2014; submission of the report to the remunerations committee and to EXCO and ultimately to council; • Meeting with Community Services refuse department employees and their supervisor and Cleansing Manager, about not wearing PPE; ∇ We issued a no-compliance notice to the Asset Section for the fixing of damaged Parkhome staircases; ∇ Appointment of the new health and safety reps; • Application and the renewal of the Letter of Good Standing from the Workmans Compensation; • Two incidents that were reported; • Communication regarding the new arrangements or the construction of a Diesel Bouser storage tray/place;		• Final Performance Assessment Report for the year 2013/2014; report to the Remunerations' committee; report to Exco and council minutes of the 26th June 2015; • Various standing committee reports which eventually lend up with council; • Copy of the non- compliance notice and the Order No; • Signed Memo by all sections; • Memo and the copy of the new Letter of Good Standing; • Two incident investigation reports; • Copy of the email		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Close monitoring and committed personnel		**Mechanism proposed to address the performance shortfall**			
CANDIDATE	**PANELIST**						

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	**Performance Indicator**	**Annual Target (As per the SDBIP)**	**Achievements**	**TN**	**TA**	**TPA**	**Evidence Information**	**Annual Budget**	**% Spent**
1.2.4	Action plan to address ICT customer satisfaction survey outcomes developed	1	1 A comprehensive Customer Satisfaction Survey with clear milestones has been developed through a tender process under Bid No. elm-4/026/2014-2015		TA		A comprehensive Customer Satisfaction Survey with clear milestones has been developed through a tender process under Bid No. elm-4/026/2014-2015		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.5	20% Implementation of the approved Master System Plan	20%	100% achievement • 6 ICT Policies reviewed; • Agreement entered into with Telkom regarding upgrading of line to internet; • Assessing the ICT current system; • Fulfilling Access to Information Act by training personnel on Microsoft; • Agreement entered into with Telkom regarding upgrading of line to internet; • Agreement entered into with Payday and Uniclox regarding their Service Level; • Tablets issued to Councillors and Traditional Leaders; • EMPLOYEE and councillor training [what about systems maintenance] • (Networking of Ugie and Mount Fletcher, network routine maintenance; • The existing Uninterrupted Power Supply [UPS] has been enhanced by an installation of a 4 hours UPS on uptime; • An ICT Master Systems Plan has been reviewed and approved by Council on 26th June 2015; • The disaster Recovery Plan has been developed and approved by council on 26th June 2015; • Migration of Elundini Mail domain from Hertzner has been completed; • A Paperless Environment Campaign where agendas will be distributed electronically has been introduced.		TA		• Reviewed ICT Policies; • Agreement with Telkom; • Microsoft Agreement Detail; • Attendance register on Microsoft Outlook training; • Signed Service Level Agreements with Uniclox and Payday; • Councillors and Traditional Leaders using Tablets; • ICT Reports and appointment letter, tax invoices; desktop -asset report; • UPS; • MSP document; • Disaster Recovery Plan; • Screen shorts for Migration of Elundini Mail domain from Hertzner; • Screen short for Drop box = A Paperless Environment Campaign		

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**		

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.6	% Implementation of the approved file plan	30%	60% achievement. Elements that have been implemented are as follows: 1. Control of file plan; 2. Thickness of a file; 3. Case File; 4. Unclassified correspondence; 5. Identifying, Transferring and Storing of records; 6. Control register for files that are filled in the Filling Room (Agendas, correspondences,) 7. Identifying, Transferring and Storing of Records; 8. Control register for all outgoing faxes		TA		• Amendment to the File Plan and file register with correspondence duly allocated ref numbers; • Record register for closed files having reached the required 3cm thickness; • The actual case files opened; • Register of new files opened with new file ref. numbers [unclassified] • Amendment to the File Plan and file register with list of staff members that are dully identified, transferred, and stored to the filling room • The actual register for files filled in the filling room opened; • The actual register for all outgoing faxes is in place		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.7	% of own staff with signed performance contracts or work plans	100%	100% Achievement		TA		List of employees with signed work-plans		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**					**Mechanism proposed to address the performance shortfall**		
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.8	Assessment of performance contracts	100%	Facilitated 100% assessment of performance contracts but only 50% assistant managers that were actually assessed.		**TPA**		• Notice of Invitation; • Attendance register of the 27th – 29th October 2014; • Assessment Report for the 2013/2014		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**					**Mechanism proposed to address the performance shortfall**		
CANDIDATE	**PANELIST**	∇ Performance Assessments scheduled for the 27, 28th & 29th October 2014 but could not be proceeded with as most of the assistant management team and other contract employees could not honour the assessments; ∇ Assessment meetings were arranged, viz: the 27th-28th of October 2014, the 15th-16th of January 2015 and the 7th-8th of April 2015 but only ten assistant managers **[50%]** could be successfully assessed; ∇ Assessment meetings were arranged for the 27th-28th of October 2014, the 15th-16th of January 2015 and the 7th-8th of April 2015 but only ten assistant managers [50%] could be successfully assessed				Council is awaiting for a legal advice on the matter and further action to be will be determined by the Advice.		

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.9	Assessment of departmental work-plans	100%	NOT achieved		**TN**				
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There delays in finalizing assessments for the assistant managers and this had a replica effect on the staff below assistant managers		To be assessed before the end of the first quarter in 2015/2016 financial year					

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.10	Number of labour engagements conducted	10	14 Engagements • LLF convened on 11/07/ 2014 and 20th September 2014; • LLF convened on 6th/10/2014; • Unions have been consulted on various matters outside the LLF and agreements have been reached; • Concluded a December Shutdown Agreement for .the calendar year ending December 2014; • LLF meeting held on 20/02/2015; • Employment equity forum meetings conducted on 18/02/2015; 23/02/2015; 03/03/2015 and 23/03/2015; • LLF meeting convened on 27 May 2015 could not proceed due to quorums; • LLF convened for 10th June 2015 could not proceed due to quorum; • The following grievances were attended to viz: o Mr. Memani; o Sokhawukile; o Khululwa Zokwe; and o Eight employees for IP&D o Mr. Matyeni Employment equity forum meetings conducted on the 3rd March, 09 April 2015 and 16th April 2015		TA		• Notice convening the LLF and the attendance registers for the two dates; • Notice convening the LLF and the attendance registers for the two dates; • Notice convening the LLF and the attendance registers for the two dates; • Correspondence regarding Employee at the infrastructure department who has been a temporary employment • A signed December Shutdown Agreement for .the calendar year ending December 2014. • Attendance registers for the various meetings e.g employment equity.		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.11	Number of HR policies reviewed	15	16 1. Employee Relations Policy; 2. Training and Development Policy; 3. Performance Management Policy; 4. Attraction and Retention Policy; 5. Staff Movement Policy; 6. Remuneration Policy; 7. Transport Allowance Policy; 8. Rewards and Recognition Policy; 9. Subsistence and Travelling Policy; 10. Employment Equity Policy; 11. Telephone Usage Policy; 12. Protective Clothing Policy; 13. Extra Duty Allowance Policy [Repeal]; 14. Shut Down Agreement [signed with Unions]; 15. Policy document on Emergency work; 16. Task Job Evaluation Policy		**TA**		• All policies herein mentioned; • Attendance register during engagements with various stakeholders, viz workshops; labour consultations		

PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**	**Mechanism proposed to address the performance shortfall**
CANDIDATE	**PANELIST**		

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.12	Number of community skilling interventions implemented	2	Four (4) unemployed graduates were given exposure in the workplace as new labour markets entrants:		**TA**		Contracts attached		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of the of capital budget actually spent on capital projects (or acquisition for own department)	85%	93%		**TA**		C- Schedule report Cash flow statement and statement of Financial position.		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** There was more proficiency in project execution, including the spending of rollover funds.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% of elimination of unauthorized expenditure	100%	100% All requisitions are issued with a vote number and available balance		**TA**		Requisition book available on inspection. .		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% of elimination of irregular expenditure.	100%	100%		**TA**		Requisition books and deviation requests and approved		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.4	% of elimination of wasteful expenditure	100%	100%		**TA**		Requisition books and deviation requests and approved		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Developed resolution schedule for each department from EXCO and Council	14	• Schedule of Resolution Register for EXCO covering the eight meetings has been produced; • 7 schedules formulated and progress report submitted to council; • A Schedule of Council Resolutions developed covering nine council meetings.		**TA**		• Schedule of EXCO Resolutions; • Schedule of Council;		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	% Implementation of departmental EXCO and Council resolution	100%	100% EXCO Resolutions implemented in that: • SALGA structures have been identified and a report to EXCO to be submitted in the next EXCO sitting. • Community services has made submissions regarding the WSP Implementation Plan; • 100% implementation as per progress reports submitted.		**TA**		• Report dated 03/10/2014 to the municipal manager on SALGA structures; • Amended WSP Implementation Plan; • Report dated 03/10/2014 to the municipal manager on SALGA structures; • The Amended ISDG Business Plan as submitted to treasury on 17th November 2014; • Letter of regret from the treasury regarding funding for the oncoming financial year; • Report on the implementation of council resolutions		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the Compliance and Risk Management Plans **relating to CS**	100%	100% implementation of the Risk Register		**TA**		Risk Register Report duly submitted.		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.4	% implementation of the **departmental** service delivery charter	100%	Achieved		**TA**		Standard Service Charter as implemented Report on the departmental service delivery charter		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

BUDGET AND TREASURY OFFICE

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.1	% targets achieved	80%	63% Achieved		TPA		Performance Report/File		Overall budget of the municipality
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.2	% of staff with signed performance contracts	100%	14% Achieved		TN		Signed performance reports attached		
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Assistant managers did sign performance agreements It's the staff below the assistant manager level that did not sign performance agreements		Staff below the level of assistant managers will also be trained on performance management system					

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.3	% of staff assessed	100%	7% Achieved		TN		Performance Evaluation Report attached		Overall budget of the municipality
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Assistant managers did sign performance agreements It's the staff below the assistant manager level that did not sign performance agreements		Staff below the level of assistant managers will also be trained on performance management system					

KPA 2: BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and storm water and public amenities

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.1	Number households registered in the indigent register accessing free basic services	6000	9224 households accessing free basic Services.		TA		FBS Report for June 2005 attached	R 2 683 766	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	All properties valued at R 55 000 automatically qualify to be indigent and that has resulted into increased number of indigents							

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of cost reduction strategy implemented	60%	0%		TN		Cost Reduction Strategy	R 1 430 074	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	No activity was performed		Proactive budget monitoring mechanisms are in place for 2015/2016.					

Strategic Objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% budget allocated for assets maintenance	3%	4% (108 855 132/267 245 807) 2015/2016 Budget amount		TA		2015/2016 budget.	R 1 430 074	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More repairs have been effected.							

Strategic Objective: To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% of a municipality's budget actually spent on implementing its workplace skills plan	1%	2014/2015 payroll budget 60 201 000 x 1 % = 601 100 Actual training budget =1 522 074 translating to 2.5%		TA		Ledger printout for training.	R 1 430 074	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** More budget was made available for training		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.1	% of the of capital budget actually spent	85%	Actuals R47 667 000/51 384 000*100 =93%		TA		C-Report attached	R 38 534 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** There was more proficiency in project execution, including the spending of rollover funds.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.2	% Implementation of targets as per the approved demand management plan	100%	100% Of all demand management plan activities have been implemented for the year.		TA		Demand Management Report.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.3	Liquidity ratio (current assets to current liabilities)	1.5:1	53 386 000/29 138 000 =1.83		TA		C- Schedule statement of Financial Position.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More cash collection towards the end of the year.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.4	Cost Coverage in months Cash and cash equivalents- unconditional grants/ Monthly Fixed operating costs (excluding non-cash items)	1 month	2 months		TA		C- Schedule report Cash flow statement and statement of Financial position.	R 725 775	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	More collection on rates and services.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements				Evidence Information	Annual Budget	% Spent
				TN	TA	TPA			
4.2.5	Outstanding service debtors to service income ratio (Total outstanding service debtors / annual revenue collected for services)	60%	13 791 787/162 861 180= 8%		TA		Income vs debtors report attached.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Due to the possible collection rate on debtors during the year.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.6	Net debtors (Gross debtors – bad debt provision/billed revenue*365 days)	30 days	271 days		TN		Report attached	R 725 775	

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	The municipality has improved the number of days from 700 to 271 days however the billing in the location and for government is still a challenge.	A debt collection company has been appointed

Strategic objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.7	% collection rate (billed revenue against actually collected)	60%	99%		TA		Attached report.	R 725 775	

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	More cash collection from debtors was achieved towards the end of the financial year.	

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.8	Debt impairment assessment	1	1	TA			Financial statements	R 3 082 500	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.2.9	Write off bad debts	100%	0%	TN			-	R 7 969 787	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Late appointment of debt collectors to enable identification of bad debts.		Debt collection agency in place.					

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Functional (% of resolutions / recommendations implemented) governance structures relating to Budget and Treasury	100%	100% All resolutions/recommendations relating to BTO were implemented.		TA		Quarterly progress report.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	(No. of) Sustain unqualified audit report with no compliance findings relating to Budget & Treasury	1	Audit Opinion sustained (Unqualified audit). There were compliance findings though		TA TN		Auditor General Report.	R 3 082 500	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The absence of the CFO has led to this		The CFO has been appointed					

Strategic Objective: Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the departmental service delivery charter	100%	Quarterly report has been finished.		TA		Quarterly progress report.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.4	% implementation of the departmental service delivery charter	100%	Quarterly report has been finished		TA		Quarterly progress report.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.5	To address all matters as per the audit action plan	All	100%.		TA		Audit Action Plan Report.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.6	% implementation of unauthorised expenditure	100%	40% Last year = R 5 179 958 This year = R 2 979 678	TPA			No report for this Quarter.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Lack of budgetary control in Community Services.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.7	% elimination of irregular expenditure	100%	0% Last year = R 41 249 This year = R 484 147.84	TN			No report for this Quarter	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Service provider which did not disclose that they are in the service of the state.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.8	% elimination of fruitless and wasteful expenditure	100%	0%% Last year = R 90 207 This year = R 902 052	TN			Report for Wasteful expenditure.	R 34 029 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	SARS audited results for year 2007 to 2013 which was only done in 2014/2015 financial year.							

INFRASTRUCTURE, PLANNING AND DEVELOPMENT

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.1	% achievement targets relating to IP&D	80%	74%			TPA	Portfolio Of Evidence information	Overall budget for IP&D	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.1.2	% of departmental staff with signed performance contracts or work plans with assessments	100%	100% departmental staff signed performance agreements. No evidence of staff assessments		TA TN		Copy of a signed work plans and performance contracts	N/A	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 2: BASIC SERVICES & INFRASTRUCTURE

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.1	To hold functional project steering committee meetings for rural electrification	4 Functional PSC	5 Functional PSC for rural electrification that were conducted on the following dates:- ▪ 26th January 2015 ▪ 27th January 2015 ▪ 16th March 2015 ▪ 08th April 2015 and ▪ 22nd April 2015		TA		✓ Attendance Register 26th and 27th January 2015. ✓ Attendance register dated 22nd April 2015	N/A	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Meetings have been initiated by the municipality to discuss Elundini electrification backlogs.							

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.2	Number of households electrified (2014/2015)	289	361		TA		▪ Report from Service Provider dated 30th June 2015 ▪ NER budget Spent 2014/2015 financial year report from Project Accountant	R 7.2 Million	99%

PERCENTAGE ACHIEVED		Explanation for deviation from the planned targets	Mechanism proposed to address the performance shortfall
CANDIDATE	**PANELIST**	Improved planning	

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.3	% reduction of electricity distribution losses	15%	▪ As at today 12% has been achieved with the outstanding of the report of month		TA		Report signed by the HOD which reflects the calculation on the billing and consumption	R 1.2 Million	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Municipality has put more financial resources to implement the electricity reduction strategy		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.4	Number of high mast and street light installed	3	▪ Application to Eskom for three high mast lights ▪ 3 High mast lights were installed in Mount Fletcher Town, awaiting Eskom to energise them. ▪ Follow up was sent to Eskom by e-mail on the 10th July 2015.		TA		▪ Copy of applications to Eskom. ▪ Appointment Letter ▪ Service Level Agreement ▪ Copy of proof of payments ▪ Copy of the e-mail that was sent to Eskom on the 10th July 2015 ▪ Copy of Journal entries (Sebata	R 949 000	66%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.5	Km's roads constructed (100% complete) per annum	12km	6km of roads constructed at Mhlontlo and completed			TPA	• Completion certificate • Payment certificates • Meeting minutes • Project file • Progress report • Renca Termination Letter • Maisha appointment letter	R36 Million	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	• 6km of Nkalweni to Gqaqhala Access Road not completed due to poor performance of the Engineer appointed for the project. The project then started later in the year after a replacement Engineer was appointed		• Contract of Renca Developers who was appointed as the Engineer for the project was terminated and a replacement Engineer, Maisha Development Engineers, was appointed.					

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.6	Km's of roads constructed at 50% stage of completion by year end	18 km	• 8km of the Zamuxolo Access Road and bridge successfully (100%) completed. • 10km (Phase 1) of the 20km Ntushuntushu Access Road successfully completed.		TA		• Completion certificate • Payment certificates • Meeting minutes • Project file • Progress report	R 36 Million	94%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	• Project implementation plans were changed for the projects earmarked to be constructed by the Construction Unit (Plant). It was initially planned that the Plant would first construct and complete the 6km Nkalweni to Gqaqhala Access Road and from there move to construct the 8km Zamuxolo Access Road. However, due to logistics of the plant being near Mt. Fletcher at the start of the financial year Zamuxolo Access Road had to be the project that is constructed first and as such it was successfully completed for the full 8km length and Nkalweni to Gqaqhala Access Road was later constructed after Zamuxolo Access Road.							

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.7	Km's roads re-gravelled, patch gravelled or constructed per annum utilizing Construction Plant with SLA Funding	8	6,2km of road rehabilitated at Popopo 2km on the DR08074 1km Zakhele Total 9.2km		TA		• Payment certificate • Monthly reports • Appointment Letter	R4.5 Million	88%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	▪ There was an additional work that was requested by villages therefore there was an extra 1.2 km that was constructed.							

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.8	Km's roads resurfaced (chip and spray – new venture)	0.5 km	NIL		TN		N/A	R 500 000	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Unable to source gravel material from local borrow pit on the out skirts of Mt Fletcher due to community intervention. Requested political intervention but was unable to solve problem		The section will carry this project forward into the next financial year					

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.9	Km's DR gravel roads AC gravel roads maintained through maintenance blading	240km	334.17 km		TA		• Payment Certificate • Monthly reports • Appointment Letter	R 4.5 Million	88%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	We outsourced and appointed Mthathi Projects on Section 32 of the SCM Regulations to enhance the services.							

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.10	M^2 maintenance of surfaced roads	18000m²	2778m			TPA	• Standing committee reports • Journal entries Sebata print out	R 1,275	84%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**					**Mechanism proposed to address the performance shortfall**		
		First Quarter:- The section requested quotation for 40 drums of bitumen on the 5/8/2014. This was advertised on the 6/8/2014. Evaluation completed by the 13/8/2014. Award letter was signed by 27/8/2014. Requisition completed by 2/9/2014. Order completed 3/9/2014. Procurement still waiting for compliance documentation and have not received goods in first quarter Second Quarter: Anionic bitumen only received on the 17/11/2014 General workers consist of EPWP appointed personnel. During this year a large number of women were employed making it extremely difficult to carry out some of the work. Tractor broke done in the last month which created a delay. Procurement was unable to complete the procurement process for a second load of cold mix					Cold mix has already been ordered for the following financial year, department will be rectifying the patching of pot holes during the 1st Quarter of 2015/16		

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.11	Maintenance of storm water facilities i.e. storm water pipes & Kerbing.	2km	1.495 km		TPA		• Monthly standing committee reports • Journal entries Sebata printout	R236 000	67%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There was a problem breakdown with the TLB which led to some delays		TBL Repaired					

Strategic Objective: To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.12	Maintenance (Pressure Jetting) of existing storm water facilities	4km	4.9km		TA		• Standing Committee Report.	R 1,257.00	84%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	We improved input resources (bought 8 ton truck).							

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Objective: To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
3.1.1	No. of jobs created through EPWP/Mass Job Creation/Contract employment	88	• 94 jobs that were created through Mass Job Creation and EPWP during 2014/2015.		TA		▪ Beneficiary information report from Mass Job: Project Co-ordinator. ▪ Expenditure report from Project Accountant signed by Municipal Manager	R 1,590 000	100%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Amount of people employed is determined by the budget allocation that we receive from Public Works. At the time of Municipal Budget approval, we did not yet get an indication as to how much we were to be allocated.							

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of the capital budget actually spent on capital projects	85%	93%		TA		C- Schedule report Cash flow statement and statement of Financial position.	R43 754	94%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** There was more proficiency in project execution, including the spending of rollover funds.		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% expenditure on all infrastructure grants	100%	• 99% Overall expenditure achieved		TPA		Expenditure Report	R37 194	94%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets** Performance in expenditures was pushed to achieve the required 100% standard in which it was not, due to poor performance of some of the appointed service providers.		**Mechanism proposed to address the performance shortfall** The department and the institution desire to achieve 100% expenditure in all grants by end of each financial year.					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% Elimination of unauthorized/ irregular/wasteful expenditure	100%	Unauthorised – 100% Fruitless and wasteful - 100% Irregular – 100% No unauthorised/ irregular/wasteful and fruitless expenditure relating to IP&D.	TA TA TA			▪ Deviations register	N/A	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Year End target (Q1+Q2+Q3 +Q4)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Functional (% of resolutions/recommendations implemented) governance structures	100%	• All MIG capital projects approved by council have been implemented. • All the INEP projects have been implemented • High mast lights have been implemented • Popopo access road on the SLA have been done • Network upgrades that were planned to implement have been implemented. • Mass Job Creation project has been implemented.		TA		• Copy of capital projects Ledger printouts • Copy of the IDP document clearly showing infrastructure projects done.	R95 000 000	94%
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Year End target (Q1+Q2+Q3 +Q4)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	% implementation of the compliance and risk management plans relating to IP&D	100%	100% of all risk register items identified have been implemented by the department as follows: • Plant diagnostic study outcomes finalised. • Electronic Fuel management system installed		TA		• Plant diagnostic study • Risk register • Fuel system purchase invoice • Appointment of Assistant mechanic	All section 57	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The department has faced a number of challenges that relates to fuel usage and recordings in the plant machinery and the plant operations in general. The municipality then appointed Delloitte to undertake plant machinery operations where a number of short falls were identified		• An action plan has been agreed that the department must create a vote specifically responsible for plant machinery operations. • Students will be employed to assist the Assistant manager on all construction related activities. • Training of plant operators has been cited as one of the problems. • Plant operations procedure manual will be developed to guide all plant operations including operator behaviour. • The project accountant has been officially asked to provide accounting services to roads and Stormwater section.				

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Year End target (Q1+Q2+Q3 +Q4)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the departmental service delivery charter	100%	• 100% implementation of service charter approved by council has been approved. • Electricity connections done • List of disconnections done • List of faults attended. • List of faults attended on transformers.		TA		• Proof of work order form. • Proof of electricity meter work form • Faults/Request Register	N/A	N/A
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

COMMUNITY SERVICES

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.1	% targets achieved	80%	76%	TPA			See attached report	R7 536 720	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.2	% staff with signed performance contracts	100%	100% achieves (All three Assistant manager's Performance contract signed)		TA		Signed agreements attached	R7 536 720	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To enhance organizational performance in order to achieve organizational objectives

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
1.2.3	% Staff assessed	100%	0		TN			-	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Demise of the HOD		Appointment of the HOD					

KPA 2: BASIC SERVICES AND INFRASTRUCTURE

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and stormwater and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.1	The total number of urban households and commercial properties with access to the basic level of solid waste removal	7 285	7 271 urban household and commercial properties have access to basic level of solid waste removals		TA		✓ SmartSurv Report ✓ Collection schedule ✓ Billing report	R 2 Million	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Waste was collected from all houses. Target to be corrected Midyear 2015/2016.							

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and stormwater and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.2	Number of public amenities maintained per the predetermined maintenance checklists	23	21 public amenities maintained			TPA	Maintenance schedule and checklist	R 150 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Two halls need major refurbishment.		Maintenance will be done after refurbishment					

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and storm water and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.3.	% implementation of the Waste management PPP Implementation Plan	100%	100% achieved		TA		Interwaste monthly reports	R 2 120 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and storm water and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.4	100% compliance with landfill external audits	100%	Audit report implemented		TA		Audit report and monthly reports from Interwaste	R 100 000	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and storm water and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.5	Promotion of road safety measures to reduce the number of road accidents	100%	Road Safety and Fire awareness campaigns conducted with schools		TA		Attendance registers	Operational budget	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and stormwater and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.6	Number of bylaws enforced	6	6 By-Laws were enforced and implemented		TA		Reports of the Law Enforcement Officers on By-Law	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and stormwater and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.7	Number of litigations due to fire damages	0	No fire litigations lodged against the municipality		TA		N/A	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic objective: To ensure that all communities and households have access to basic level of electricity, waste removal, roads and stormwater and public amenities and houses

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
2.1.8	Number of housing projects to be facilitated for the financial year 2015/2016	5	✓ All four housing projects were successfully facilitated in the second quarter; ✓ Registration of beneficiaries done successfully in the third quarter in Ward 5,6 & 9		TA		✓ Registers by the prospective beneficiaries. ✓ Registration forms	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.1	% of the of capital budget actually spent on capital projects	85%	93%		TA		C- Schedule report Cash flow statement and statement of Financial position.	R 1.1 Million	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	There was more proficiency in project execution, including the spending of rollover funds.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.2	% eliminated unauthorized expenditure	100%	58%		TPA		Report from the department of finance	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	Even though it has decreased by 58% from R 5 179 959 to R 3 055 879, it is still a challenge. In 2014/2015, it was due to the budget not being aligned when employees were transferred from Corporate Services to Community Services.							

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.3	% eliminated irregular expenditure	100%	Target not achieved		TN		Report	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To improve the efficiency of capital planning and spending

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
4.1.4	% eliminated wasteful expenditure	100%	100% eliminated wasteful expenditure		TA		Report	R 0	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.1	Functional (% of resolutions/recommendations implemented) governance structures	100%	100%		TA		Council resolution report attached	MM's office	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.2	% implementation of the Compliance and risk management plans	100%	Out of 5 risk identified the department has fully achieved one risk and partially achieved 2 and the other two risks have not been achieved		TPA		Risk assessment report	MM's office	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**	The other risk depends to the assistance of other departments		To be attended in the next financial year					

Strategic Objective: To promote good governance and clean administration

Indicator No.	Performance Indicator	Annual Target (As per the SDBIP)	Achievements	TN	TA	TPA	Evidence Information	Annual Budget	% Spent
5.1.3	% implementation of the institutional service delivery charter	100%	100% implementation service charter standard		TA		Implementation report of service standard charter	MM's office	
PERCENTAGE ACHIEVED		**Explanation for deviation from the planned targets**		**Mechanism proposed to address the performance shortfall**					
CANDIDATE	**PANELIST**								

ANNUAL 2014/2015 PERFORMANCE ANALYSIS REPORT

DEPARTMENTAL ANALYSIS OF TARGETS ACHIEVEMENT

1. MUNICIPAL MANAGER'S OFFICE

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
15	15	0	0	100%	0	0

2. STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
19	16	2	1	84%	1%	5%

3. COMMUNITY SERVICES

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
17	13	3	1	76, 5%	5, 9%	17, 6%

4. BUDGET AND TREASURY

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
23	14	1	8	61%	35%	4%

5. CORPORATE SERVICES

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
20	**17**	**2**	**1**	**85%**	**5%**	**10%**

6. INFRASTRUCTURE PLANNING

Targets Planned	Targets Achieved	Targets Partially achieved	Targets not achieved	% Achieved	% not Achieved	% Partially Achieved
20	**15**	**4**	**1**	**75%**	**5%**	**20%**

ANNUAL 2014/2015 DEPARTMENTAL PERFORMANCE ACHIEVEMENT ANALYSIS

KEY PERFORMANCE AREAS	T T	TA	TN
Good Governance and Public Participation	33	30	3
Municipal Transformation and Institutional Development	21	12	9
Basic Service Delivery and Infrastructure Development	24	18	6
Local Economic Development	9	7	2
Municipal Finance Viability and management	27	23	4
TOTAL TARGETS /PERFORMANCE AREA	**114**	**90**	**24**

As can be seen from the table below, there were 114 total targets for departments that were planned for the year under review, only 91 targets were achieved equalling 80% achievement of the planned targets.

TARGETS PLANNED	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	TARGETS PARTIALLY ACHIEVED	% ACHIEVED	% NOT ACHIEVED
114	**90**	**12**	**12**	**79%**	**21%**

ANNUAL 2014/2015 INSTITUTIONAL PERFORMANCE ACHIEVEMENT ANALYSIS

KEY PERFORMANCE AREAS	T T	TA	TN
Good Governance and Public Participation	33	29	4
Municipal Transformation and Institutional Development	26	17	9
Basic Service Delivery and Infrastructure Development	26	20	6
Local Economic Development	9	7	2
Municipal Finance Viability and management	27	24	5
TOTAL TARGETS /PERFORMANCE AREA	**121**	**95**	**26**

As can be seen from the table below, there were 121 total targets the institution had planned for the year under review, only 96 targets were achieved equalling 79, 3% achievement of the planned targets.

TARGETS PLANNED	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED	% NOT ACHIEVED
121	**95**	**26**	**78, 5%**	**21, 5%**

NOTE:

- **In 2012/2013 financial year, the institution had achieved only 71, 4% of its total targets, in 2013/2014 financial year, the municipality achieved 78, 3% and for the year under review, the municipality has achieved 79, 3% of its total targets.**
- **From the analysis above, it can be seen that there been a slight improvement in the achievement of targets set for the municipality.**
- **Note must also be taken that these results have been audited by the Office of the Auditor-General.**

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

As part of the IDP review process, the ELM constantly reviews its Organogramme to ensure that it is able to deliver on its constitutional obligations. In terms of the approved Organogramme, the municipality during the year under review had 305 positions and had employed 241 employees and had 64 vacancies equalling 20,9% vacancy rate.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The tables below depict the number of employees, the rate of turnover and the vacany rate:

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1 2013/2014	Year 0 2014/2015			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	–	–			
Waste Water (Sanitation)	–	–			
Electricity	11	18	12	6	50%
Waste Management	35	51	34	17	50%
Housing	1	1	1	-	0%
Waste Water (Stormwater Drainage)	–	–			
Roads	61	42	29	13	45%
Transport	–	–			
Planning	2	4	2	2	0%
Local Economic Development	5	6	5	1	20%
Planning (Strategic & Regulatory)	3	5	4	1	25%
Local Economic Development	–	–			
Community & Social Services	63	77	65	12	18%
Environmental Protection	–	–			
Health	–	–			
Security and Safety	–	–			
Sport and Recreation	4	–			
Corporate Policy Offices and Other	58	101	89	12	13.5%
Totals	243	305	241	64	20.9%

Vacancy Rate: 2015			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	1	0
Other S57 Managers (excluding Finance Posts)	4	0	0
Other S57 Managers (Finance posts)	0	0	0
Police officers	6	1	0
Fire fighters	2	1	0
Senior management: Levels 13-15 (excluding Finance Posts)	18	0	0
Senior management: Levels 13-15 (Finance posts)	6	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	50	4	10.2
Highly skilled supervision: levels 9-12 (Finance posts)	4	1	0
Total	92	8	6.33

Turn-over Rate : 2015			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	28	20	37.5%
Year -1	36	16	71.43
Year 0	28	12	44.44%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The table below illustrates the list of HR related policies available in the municipality:

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action/ Employment			
2	Attraction and Retention	X		4-Jul-07
3	Code of Conduct for employees	X		4-Jul-07
4	Delegations, Authorisation & Responsibility	X		4-Jul-07
5	Disciplinary Code and Procedures	X		4-Jul-07
6	Essential Services	X		4-Jul-07
7	Employee Assistance / Wellness	X		4-Jul-07
8	Employment Equity	X		4-Jul-07
9	Exit Management	X		4-Jul-07
10	Grievance Procedures	X		4-Jul-07
11	HIV/Aids	X		4-Jul-07
12	Human Resource and Development	X		4-Jul-07
13	Information Technology			4-Jul-07
14	Job Evaluation	X		4-Jul-07
15	Leave	X		4-Jul-07
16	Occupational Health and Safety	X		25-Jun-13
17	Official Housing	X		25-Jun-13
18	Official Journeys	X		25-Jun-13
19	Official transport to attend Funerals	X		25-Jun-13
20	Official Working Hours and Overtime	X		25-Jun-13
21	Organisational Rights	X		
22	Payroll Deductions	X		4-Jul-07
23	Performance Management and Development	X		4-Jul-07
24	Recruitment, Selection and Appointments	X		4-Jul-07

25	Remuneration Scales and Allowances	X		4-Jul-07
26	Resettlement	X		4-Jul-07
27	Sexual Harassment	X		4-Jul-07
28	Skills Development	X		
29	Smoking	X		
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	X		4-Jul-07
33	Other:			

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Below is the list of diciplinary actions that took place

Disciplinary Action Taken on Cases of Financial Misconduct			
POSITION	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action taken	Date Finalized
Unit head	Theft	Dismissal (case has been referred to arbitration)	April 2015
Tractor driver	Misuse of petrol card, fraud and gross dishonesty	Suspension	On going

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Tractor driver	Misuse of petrol card, fraud and gross dishonesty	11 June 2015	Case is still continuing	On going

4.4 PERFORMANCE REWARDS

Section 57 Managers and all Assistant Managers sign their performance agreements at the beginning of each financial year. Quarterly, midyear and annual performance assessments are done based on the output plans contained in managers' performance agreements that are linked to the municipality's SDBIP.

Performance rewards are then paid to all deserving individuals who had performed their functions well and the payment of the performance rewards is governed by the Performance Management System the municipality has adopted. The maximum amount of the parformance reward paid to the deserving individual is 14% of that person's total package.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Another ingredient for the survival and productivity of any institution is the development and capacitation of its workforce. The Elundini Municipality, after reviewing its annual skills development plan, sets aside funding, within its limited resources, for skills developent for both councillors and employees.

The tables below depicts the type of training intiatives benefited both councillors and employees and the expenditure incurred.

4.5 SKILLS DEVELOPMENT AND TRAINING

The table below depicts the number and types of training the both councillors and empployees benefited on during the year under review:

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2015	Number of skilled employees required and actual as at 30 June 2015											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2014	Actual: End of 2015	2015 Target	Actual: End of 2014	Actual: End of 2015	2015 Target	Actual: End of 2014	Actual: End of 2014	2015 Target	Actual: End of 2014	Actual: End of 2015	2015 Target
MM and s57	Female	2	0	0	0	0			1			1		
	Male	4	0	0	0	1			1			1		
Councillors	Female	13	0	0	0	9			3			12		
	Male	21	0	0	0	13			11			24		
Managers	Female	6	0	0	0	5			2			7		
	Male	14	0	0	0	11			4			15		
Senior Officials	Female	4	0	0	0	4			2			6		
	Male	1	0	0	0	1			1			1		
Technicians and associate professionals*	Female	1	0	0	0	1			1			1		
	Male	6	0	0	0	3			0			3		
Professionals	Female	1	0	0	0	0			1			1		
	Male	3	0	0	0	0			3			3		
Sub total	Female	27	0	0	0	19			10			28		
	Male	49	0	0	0	29			20			47		
Total		152	0	0	0	96			60			150		
**Registered with professional Associate Body e.g. CA (SA)*														*T 4.5.1*

Writing the Sub totals creates inaccuracy because the template formulas are set to count the sub totals plus the numbers that make them.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

The table below shows employees whose salaries exceeded the grade determined by the job evaluation:

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**
Project Coordinator	1	11	12	Historical
Assist. Manager Admin Support	1	15	16	Historical
Admin Assist. HR	1	6	8	Historical
IDP Coordinator	1	11	12	Historical
Public Participation Officer	1	10	11	Historical
HR Practitioner	1	12	13	Historical
Senior Admin Officer	1	10	11	Historical

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: ANNUAL FINANCIAL STATEMENTS

Elundini

LOCAL MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2015

ELUNDINI LOCAL MUNICIPALITY

Index

Contents	*Page*
General Information	1 - 2
Approval of the Annual Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual amounts	8
Accounting Policies	9 - 41
Notes to the Financial Statements	42 - 75

APPENDICES - Unaudited

A	Schedule of External Loans	76
B	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	77

ELUNDINI LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Elundini Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Elundini Municipality includes the following areas:

Maclear
Mt Fletcher
Ugie
Parts of Tsolo and Qumbu

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

Mayor	NR Yelani-Lengs	
Speaker	M Bomela	
Councillor	TJ Lehata	Portfolio head: Corporate Services
Councillor	LS Baduza	Portfolio head: Community Services
Councillor	AM Mqamelo	Portfolio head: Financial Services
Councillor	MP Leteba	Portfolio head: Technical Services
Councillor	KA Mgijima	Portfolio head: Strategic Planning and Economic Development

MUNICIPAL MANAGER

K Gashi

CHIEF FINANCIAL OFFICER

J Mdeni

OTHER DIRECTORS

XW Mntonintshi	Manager: Infrastructure Planning and Development
S Matubatuba	Manager: Corporate Services
NC Eddie	Manager: Strategic Planning and Economic Development
AM Ntaba	Manager: Community and Social Services (until 29 January 2015)

Section 79 Chairpersons

JM Klaas	Members Interest and Ethics Committee
LB Magqashela	Municipal Public Accounts Committee
CN Mfecane	Mandate Committee
N Nkalitshana	Remuneration Committee
B Nqodi	Unauthorised, Irregular, Fruitless & Wastefull expenditure Committee (w.e.f. 13 August 2014)

REGISTERED OFFICE

No 1 Sellar Street
Maclear
5480

AUDITORS

Office of the Auditor General (Eastern Cape)

PRINCIPLE BANKERS

First National Bank, Maclear
Standard Bank, Maclear

AUDIT COMMITTEE

Mr J G Richards	- Chairperson
Mr T de Beer	- Member
Mr A Mlambo	- Member
Ms F Hluyo Mushohwe	- Member

ATTORNEYS

McFarlane & Associates
Venns Attorneys
Mgxaji Attorneys
Jolwana Mgidlana Incorporated
Wikus van Rensburg
Van der Walt Attorneys
Fikile Ntayiya & Associates

ELUNDINI LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

REGULATORY FRAMEWORK

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Remuneration of Public Office Bearers' Act (Act 20 of 1998)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations
National Environmental Management Act
Preferential Procurement Policy Framework Act, 200
Occupational Health and Safety Act

MEMBERS OF THE ELUNDINI LOCAL MUNICIPALITY

Ward 1	F W Ngayeka
Ward 2	T J Pikinini
Ward 3	J M Klaas
Ward 4	K A Mgijima
Ward 5	B Nqodi
Ward 6	C N Mfecane
Ward 7	G Sotsu
Ward 8	N L Motema
Ward 9	M Marubelela
Ward 10	M E Tabana
Ward 11	V V Majikijela
Ward 12	N Q Lebenya
Ward 13	S N Mdlazi
Ward 14	N G Ntaopane
Ward 15	K W Rabohome (passed away 12 July 2015)
Ward 16	Z L Thwethiso
Ward 17	V Ntuthu
Proportional	NR Yelani-Lengs
Proportional	A M Mqamelo
Proportional	M L Naketsana
Proportional	L S Baduza
Proportional	M Bomela
Proportional	D D Mvumvu
Proportional	E V Zililo
Proportional	N Nkalitshana
Proportional	G M Moni
Proportional	M T Heisi
Proportional	T J Lehata
Proportional	M Magqashela
Proportional	L Mohapi
Proportional	L Pili
Proportional	T J Koteli
Proportional	M Tsoananyana
Proportional	M Leteba

ELUNDINI LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 75 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2016 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the annual determinations of the Minister of Cooperative Governance and Traditional Affairs in accordance with this Act.



Municipal Manager

31 August 2015

Date

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	Restated 2014 R
NET ASSETS AND LIABILITIES			
Net Assets		**350 100 400**	**323 816 392**
Accumulated Surplus		350 100 400	323 816 392
Non-Current Liabilities		**12 993 517**	**9 966 158**
Long-term Liabilities	**2**	-	68 594
Employee Benefits	**3**	3 817 866	3 716 121
Non-Current Provisions	**4**	8 658 971	5 516 949
Deferred Revenue	**5**	516 680	664 494
Current Liabilities		**38 746 221**	**43 189 001**
Deferred Revenue	**5**	147 814	137 068
Consumer Deposits	**6**	361 827	344 192
Current Employee Benefits	**7**	8 216 040	8 048 128
Payables from Exchange Transactions	**8**	28 339 619	23 895 944
Unspent Conditional Government Grants and Receipts	**9**	1 612 327	10 488 961
Current Portion of Long-term Liabilities	**2**	68 594	274 709
Total Net Assets and Liabilities		**401 840 137**	**376 971 551**
ASSETS			
Non-Current Assets		**359 396 670**	**344 646 726**
Property, Plant and Equipment	**11**	324 062 941	308 840 652
Investment Property	**12**	35 046 281	35 458 902
Intangible Assets	**13**	287 449	347 172
Current Assets		**42 443 467**	**32 324 825**
Inventory	**14**	550 868	419 532
Receivables from Exchange Transactions	**15**	2 776 851	3 734 507
Receivables from Non-exchange Transactions	**16**	1 357 830	1 433 941
Unpaid Conditional Government Grants and Receipts	**9**	46 036	607 666
Taxes	**10**	3 906 377	1 896 572
Cash and Cash Equivalents	**17**	33 805 505	24 232 607
Total Assets		**401 840 137**	**376 971 551**

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	Restated 2014 R
REVENUE			
Revenue from Non-exchange Transactions		**175 339 104**	**138 983 285**
Taxation Revenue		**13 681 171**	**13 357 100**
Property Rates	**18**	13 681 171	13 357 100
Transfer Revenue		**159 218 972**	**125 032 103**
Government Grants and Subsidies - Capital	**19**	40 841 008	26 276 192
Government Grants and Subsidies - Operating	**19**	118 377 964	98 755 911
Other Revenue		**2 438 961**	**594 083**
Actuarial Gains	**20**	288 255	-
Fines	**21**	335 327	588 667
Reversal of Impairment	**22**	14 795	5 416
Reversal of Debt Impairment	**23**	1 800 583	-
Revenue from Exchange Transactions		**28 329 016**	**28 280 437**
Service Charges	**24**	18 980 658	19 134 228
Plant Income	**25**	-	-
Rental of Facilities and Equipment	**26**	1 447 887	1 310 329
Interest Earned - external investments		2 100 502	1 591 740
Interest Earned - outstanding debtors		1 166 390	1 787 401
Licences and Permits	**27**	1 973 303	1 957 499
Agency Services	**28**	1 414 350	1 448 997
Other Income	**29**	1 245 926	905 412
Gain on disposal of Investment Property	**30**	-	144 831
Total Revenue		**203 668 120**	**167 263 722**
EXPENDITURE			
Employee Related Costs	**31**	61 504 884	57 616 608
Remuneration of Councillors	**32**	9 813 631	9 482 713
Debt Impairment	**33**	3 234 015	8 972 211
Depreciation and Amortisation	**34**	30 834 003	31 125 144
Actuarial Losses	**20**	-	95 449
Collection Cost		343 718	946 743
Stock Adjustments		119 398	86 386
Repairs and Maintenance	**35**	5 523 784	8 055 072
Finance Charges	**36**	813 969	687 042
Bulk Purchases	**37**	15 058 558	14 809 383
Contracted Services	**38**	2 109 018	2 261 311
Grants and Subsidies Paid	**39**	-	263 158
Operating Grant Expenditure	**40**	6 898 530	8 037 861
General Expenses	**41**	40 680 843	38 653 599
Loss on disposal of Property, Plant and Equipment	**42**	374 137	3 680 336
Loss on disposal of Investment Property	**30**	75 623	-
Total Expenditure		**177 384 112**	**184 773 017**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**26 284 008**	**(17 509 295)**

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus R
Balance at 1 July 2013	**344 328 125**
Prior period adjustments - note 43.01	(3 002 438)
Restated Balance at 1 July 2013	**341 325 687**
Net Deficit for the year	(17 509 295)
Balance at 30 June 2014	**323 816 392**
Net Surplus for the year	26 284 008
Balance at 30 June 2015	**350 100 400**

ELUNDINI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	Restated 2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Rates, Services and Other		37 138 476	35 736 286
Government		150 903 969	128 754 425
Interest		3 266 892	3 379 141
Payments			
Suppliers and employees		(136 970 409)	(132 998 770)
Finance charges		(145 211)	(90 330)
Net Cash from Operating Activities	**44**	**54 193 717**	**34 780 752**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**11**	(44 730 576)	(32 004 991)
Purchase of Investment Property	**12**	-	(1 046 526)
Purchase of Intangible Assets	**13**	-	(278 281)
Proceeds on Disposal of Property, Plant and Equipment	**42**	100 956	112 312
Proceeds on Disposal of Investment Property	**30**	265 877	845 702
Net Cash from Investing Activities		**(44 363 743)**	**(32 371 784)**
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in Long-term Liabilities		(274 709)	(247 588)
Increase in Consumer Deposits		17 634	110 681
Net Cash from Financing Activities		**(257 075)**	**(136 907)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9 572 898**	**2 272 060**
Cash and Cash Equivalents at the beginning of the year		24 232 607	21 960 547
Cash and Cash Equivalents at the end of the year	**45**	33 805 505	24 232 607

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2015

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	37 219 000	33 444 238	70 663 238	42 443 467	(28 219 771)
Total non-current assets	364 288 000	-	364 288 000	359 396 670	(4 891 330)
Total current liabilities	(24 682 000)	-	(24 682 000)	(38 746 221)	(14 064 221)
Total non-current liabilities	(10 157 000)	-	(10 157 000)	(12 993 517)	(2 836 517)
TOTAL NET ASSETS	**366 668 000**	**33 444 238**	**400 112 238**	**350 100 399**	**(50 011 839)**
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Property Rates	14 365 121	826 046	15 191 167	13 681 171	(1 509 996)
Government Grants and Subsidies - Capital	34 660 750	12 705 214	47 365 964	40 841 008	(6 524 956)
Government Grants and Subsidies - Operating	108 599 954	546 770	109 146 724	118 377 964	9 231 240
Actuarial Gains	-	-	-	288 255	288 255
Fines	68 879	3 620	72 499	335 327	262 828
Reversal of Impairment	-	-	-	14 795	14 795
Reversal of Debt Impairment	-	-	-	1 800 583	1 800 583
Service Charges	22 675 890	(1 111 628)	21 564 262	18 980 658	(2 583 604)
Plant Income	-	-	-	-	-
Rental of Facilities and Equipment	4 971 399	(1)	4 971 398	1 447 887	(3 523 511)
Interest Earned - external investments	1 957 258	(1 107 258)	850 000	2 100 502	1 250 502
Interest Earned - outstanding debtors	1 791 400	-	1 791 400	1 166 390	(625 010)
Licences and Permits	2 259 061	18 000	2 277 061	1 973 303	(303 758)
Agency Services	1 478 953	-	1 478 953	1 414 350	(64 603)
Other Income	29 676 894	2 497 935	32 174 829	1 245 926	(30 928 903)
Total Revenue	**222 505 559**	**14 378 698**	**236 884 257**	**203 668 120**	**(33 216 137)**
Expenditure					
Employee Related Costs	59 237 555	731 507	59 969 062	61 504 884	1 535 822
Remuneration of Councillors	11 777 260	-	11 777 260	9 813 631	(1 963 629)
Debt Impairment	7 909 787	-	7 909 787	3 234 015	(4 675 772)
Depreciation and Amortisation	30 208 487	266 990	30 475 477	30 834 003	358 526
Collection Cost	651 287	(531 000)	120 287	343 718	223 431
Stock Adjustments	-	-	-	119 398	119 398
Repairs and Maintenance	5 831 432	(176 755)	5 654 676	5 523 784	(130 892)
Finance Charges	869 109	(780 000)	89 109	813 969	724 860
Bulk Purchases	18 538 557	-	18 538 557	15 058 558	(3 479 999)
Contracted Services	2 120 000	14 000	2 134 000	2 109 018	(24 982)
Grants and Subsidies Paid	300 000	(300 000)	-	-	-
Operating Grant Expenditure	3 063 500	455 630	3 519 130	6 898 530	3 379 400
General Expenses	42 743 867	2 568 757	45 312 624	40 680 843	(4 631 781)
Loss on disposal of Property, Plant and Equipment	-	-	-	374 137	374 137
Loss on disposal of Investment Property	-	-	-	75 623	75 623
Total Expenditure	**183 250 841**	**2 249 128**	**185 499 969**	**177 384 112**	**(8 115 857)**
Net Surplus for the year	**39 254 718**	**12 129 570**	**51 384 288**	**26 284 008**	**(25 100 280)**
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	(6 955 561)	(2 993 000)	(9 948 561)	54 193 717	64 142 278
Net Cash Flow from Investing Activities	(38 533 718)	(12 850 000)	(51 383 718)	(44 363 743)	7 019 975
Net Cash Flow from Financing Activities	(69 109)	-	(69 109)	(257 075)	(187 966)
Net increase/(decrease) in cash and cash equivalents	**(45 558 388)**	**(15 843 000)**	**(61 401 388)**	**9 572 898**	**70 974 286**
OPERATING EXPENDITURE BY VOTE					
Executive Council	30 241 961	2 665 476	32 907 437	29 933 006	(2 974 431)
Budget & Treasury	33 460 135	(328 536)	33 131 599	31 062 963	(2 068 636)
Corporate Services	24 070 680	(1 622 714)	22 447 966	19 692 298	(2 755 668)
Community Services	21 592 534	196 208	21 788 742	24 768 420	2 979 678
Strategic Planning & Development	8 926 823	184 987	9 111 810	6 968 581	(2 143 229)
Technical services	64 958 708	1 153 708	66 112 416	64 958 844	(1 153 572)
Total Expenditure by vote	**183 250 841**	**2 249 129**	**185 499 970**	**177 384 112**	**(8 115 858)**
CAPITAL EXPENDITURE BY VOTE					
Executive Council	100 000	880 000	980 000	961 033	(18 967)
Budget & Treasury	498 000	72 000	570 000	559 419	(10 581)
Corporate Services	400 000	190 000	590 000	575 090	(14 910)
Community Services	200 000	20 000	220 000	22 850	(197 150)
Strategic Planning & Development	1 159 000	2 069 094	3 228 094	2 539 868	(688 226)
Technical Services	36 174 718	9 621 477	45 796 195	40 072 316	(5 723 879)
Total Capital Expenditure	**38 531 718**	**12 852 571**	**51 384 289**	**44 730 577**	**(6 653 712)**

Refer to note 60.01 for explanations of material variances between the original and final budget.

Refer to note 60.02 for explanations of material variances between actual amounts and the final budget.

Refer to note 60.03 for reconciliation between final budget amounts and final approved budget.

Material variances are considered to be any variances greater than R1.8 million.

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has

been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
Directive 11	**Changes in Measurement Bases following Initial Adoption of Standards of GRAP**	**1 April 2015**

	This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP. No significant impact is expected as the Municipality has no intention of changing i's measurement bases.	
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the financial statements.	**Unknown**
GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**

GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**
GRAP 107 **(Original – Nov 2010)**	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**
GRAP 108 **(Original – Sept 2013)**	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	**Unknown**
GRAP 109 **(Original – July 2015)**	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	**1 April 2015**
IGRAP 12	**Jointly Controlled Entities non-monetary contributions**	**1 April 2015**

	The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. LEASES

1.9.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.13. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.13.1 POST-RETIREMENT MEDICAL OBLIGATIONS

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.2 LONG SERVICE AWARDS

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are

set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.3 PROVISION FOR STAFF LEAVE

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.13.4 STAFF BONUSES ACCRUED

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.13.5 PROVISION FOR PERFORMANCE BONUSES

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrue. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

1.13.6 PENSION AND RETIREMENT FUND OBLIGATIONS

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan.

As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13.7 OTHER SHORT-TERM EMPLOYEE BENEFITS

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts

and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.14.2 SUBSEQUENT MEASUREMENT – COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.14.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
Land and Buildings	
Buildings	20 - 100
Capitalised Restoration Costs	20
Infrastructure	
Electricity	6 - 50
Roads, Pavements, Bridges & Storm Water	5 -120
Leased Assets	
Office Equipment	3 - 7
Other Assets	
Furniture & Fittings	3 - 15
Motor Vehicles	5 - 12
Computer Equipment	3 - 12
Plant and Machinery	5 – 10
Security	5

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 DE-RECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 LAND AND BUILDINGS AND OTHER ASSETS – APPLICATION OF DEEMED COST (DIRECTIVE 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

1.15. INTANGIBLE ASSETS

1.15.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and

- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 SUBSEQUENT MEASUREMENT – COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.15.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5

1.15.4 DE-RECOGNITION

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INVESTMENT PROPERTY

1.16.1 INITIAL RECOGNITION

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.16.2 SUBSEQUENT MEASUREMENT – COST MODEL

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.16.3 DEPRECIATION AND IMPAIRMENT – COST MODEL

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	100 - 105

1.16.4 DE-RECOGNITION

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between

the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 APPLICATION OF DEEMED COST - DIRECTIVE 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

1.17 BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 CASH-GENERATING ASSETS

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 NON-CASH-GENERATING ASSETS

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.

- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1 INITIAL RECOGNITION

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Cost of land held for sale is assigned by using specific identification of their individual costs.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The basis of allocating cost to inventory items is the weighted average method.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognized on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 INITIAL RECOGNITION

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 SUBSEQUENT MEASUREMENT

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 RECEIVABLES

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 PAYABLES AND ANNUITY LOANS

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.20.3 DE-RECOGNITION OF FINANCIAL INSTRUMENTS

1.20.3.1 FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.21.1 INITIAL RECOGNITION

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.21.2 MEASUREMENT

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.21.3 DE-RECOGNITION

The Municipality derecognises a statutory receivable when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is

able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- derecognise the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

1.22. REVENUE

1.22.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognized using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be

measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
    - has control or joint control over the Municipality.
    - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
    - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
    - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
    - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
    - both entities are joint ventures of the same third party.
    - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
    - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
    - the entity is controlled or jointly controlled by a person identified in (a).
    - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and

(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance

and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.28.1 POST-RETIREMENT MEDICAL OBLIGATIONS AND LONG SERVICE AWARDS

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 IMPAIRMENT OF RECEIVABLES

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 PROPERTY, PLANT AND EQUIPMENT

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to

determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.4 INTANGIBLE ASSETS

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.28.5 INVESTMENT PROPERTY

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.6 PROVISIONS AND CONTINGENT LIABILITIES

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.7 REVENUE RECOGNITION

Accounting policies on Revenue from Non-Exchange Transactions and on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.8 PROVISION FOR LANDFILL SITES

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.28.9 PROVISION FOR STAFF LEAVE

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.28.10 PROVISION FOR PERFORMANCE BONUSES

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.28.11 COMPONENTISATION OF INFRASTRUCTURE ASSETS

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

		2015 R	2014 R
2	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	-	79 497
	Capitalised Lease Liability - At amortised cost	68 594	263 806
		68 594	**343 303**
	Less: Current Portion transferred to Current Liabilities	**(68 594)**	**(274 709)**
	Annuity Loans - At amortised cost	-	79 497
	Capitalised Lease Liability - At amortised cost	68 594	195 212
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**-**	**68 594**

Annuity loans at amortised cost are calculated at 17.36% interest rate, with maturity date of 30 June 2015. Capital lease liabilities at amortised cost is calculated at 7.97% interest rate, with maturity date of August 2015

	Minimum annuity payments	
The obligations under annuity loans are scheduled below:		
Amounts payable under annuity loans:		
Payable within one year	-	90 022
Payable within two to five years	-	-
Payable after five years	-	-
	-	90 022
Less: Future finance obligations	-	(10 525)
Present value of annuity obligations	**-**	**79 497**

Annuity loans are unsecured.

	Minimum lease payments	
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	69 737	209 211
Payable within two to five years	-	69 737
Payable after five years	-	-
	69 737	278 947
Less: Future finance obligations	(1 143)	(15 141)
Present value of lease obligations	**68 594**	**263 806**

Leases are secured by Property, Plant and Equipment - note 11.

3	**EMPLOYEE BENEFITS**		
	Post Retirement Medical Obligation - note 3.1	1 648 694	1 770 505
	Long Service Awards - note 3.2	2 169 172	1 945 616
	Total Non-current Employee Benefit Liabilities - Continued Operations	**3 817 866**	**3 716 121**
	Post Retirement Medical Obligation		
	Balance 1 July	1 882 633	1 877 451
	Contribution for the year	157 076	141 028
	Expenditure for the year	(177 880)	(137 854)
	Actuarial (Gains)/Loss	(63 615)	2 008
	Total post retirement benefits 30 June	**1 798 214**	**1 882 633**
	Less: Transfer of Current Portion - note 7	(149 520)	(112 128)
	Balance 30 June	**1 648 694**	**1 770 505**
	Long Service Awards		
	Balance 1 July	2 285 606	1 866 498
	Contribution for the year	503 280	424 597
	Expenditure for the year	(146 775)	(98 931)
	Actuarial (Gain)/Loss	(224 640)	93 441
	Total long service 30 June	**2 417 470**	**2 285 606**
	Less: Transfer of Current Portion - note 7	(248 298)	(339 990)
	Balance 30 June	**2 169 172**	**1 945 616**

	2015 R	2014 R
TOTAL NON-CURRENT EMPOLYEE BENEFITS		
Balance 1 July	4 168 239	3 743 949
Contribution for the year	660 356	565 625
Expenditure for the year	(324 655)	(236 784)
Actuarial Loss/(Gain)	(288 255)	95 449
Total employee benefits 30 June	**4 215 684**	**4 168 239**
Less: Transfer of Current Portion - note 7	(397 818)	(452 118)
Balance 30 June	**3 817 866**	**3 716 121**

		2015 Employees	2014 Employees
3.1	**Post Retirement Medical Obligation**		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	-	-
	In-service (employee) non-members	-	-
	Continuation members (e.g. Retirees, widows, orphans)	4	4
	Total Members	**4**	**4**

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health

Key actuarial assumptions used:	2015 %	2014 %
i) Rate of interest		
Discount rate	8.48%	8.51%
Health Care Cost Inflation Rate	7.64%	7.80%
Net Effective Discount Rate	0.79%	0.66%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows:	Continuation Members R	Present value of fund obligations R
30 June 2015	1 798 214	**1 798 214**
30 June 2014	1 882 633	**1 882 633**
30 June 2013	1 877 451	**1 877 451**
30 June 2012	1 777 306	**1 777 306**
30 June 2011	1 628 157	**1 628 157**

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2015	(125 000)	-
30 June 2014	6 000	-
30 June 2013	77 000	-
30 June 2012	(34 000)	-
30 June 2011	(108 000)	-

	2015 R	2014 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 882 633	1 877 451
Total contribution	(20 804)	3 174
Interest Cost	157 076	141 028
Benefits Paid	(177 880)	(137 854)
Actuarial (Gain)/Loss	(63 615)	2 008
Present value of fund obligation at the end of the year	1 798 214	1 882 633
Less: Transfer of Current Portion - Note 7	(149 520)	(112 128)
Balance 30 June	**1 648 694**	**1 770 505**

The liability is unfunded.

Sensitivity Analysis on the Accrued Liability

Year ending 30 June 2015	**Current Liability (R)**	**Change**	**Liability Change (R)**	**Change (%)**
Health Care Inflation	1 798 214	+1%	1 974 000	10%
Health Care Inflation	1 798 214	-1%	1 647 000	-8%
Discount Rate	1 798 214	+1%	1 649 000	-8%
Discount Rate	1 798 214	-1%	1 975 000	10%
Post-retirement mortality	1 798 214	- 1 year	1 869 000	4%

Sensitivity Analysis on the Interest Costs

Year ending 30 June 2015	**Estimated Future Cost (R)**	**Change**	**Interest Cost Change (R)**	**Change (R)**
Health Care Inflation	146 300	+1%	161 200	10%
Health Care Inflation	146 300	-1%	133 500	-9%
Discount Rate	146 300	+1%	149 500	2%
Discount Rate	146 300	-1%	142 300	-3%
Post-retirement mortality	146 300	-1 year	152 300	4%

3.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 215 employees (2014 - 214 employees), but they are not all eligible for payment in the same year.

Key actuarial assumptions used:	2015 %	2014 %
i) Rate of interest		
Discount rate	7.99%	7.87%
General Salary Inflation (long-term)	7.10%	7.08%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.83%	0.74%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows:	**Present value of fund obligations R**
30 June 2015	2 417 470
30 June 2014	2 285 606
30 June 2013	1 866 498
30 June 2012	2 249 029
30 June 2011	1 742 671

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2015	(14 772)	-
30 June 2014	181 908	-
30 June 2013	(352 275)	-
30 June 2012	68 809	-
30 June 2011	-	-

The Municipality performed their first actuarial valuation on 30 June 2011. Thus there are no experience adjustment figures available on or before 30 June 2011 to fully comply with GRAP 25

	2015 R	2014 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 285 606	1 866 498
Total contribution	356 505	325 666
Current service cost	336 595	293 479
Interest Cost	166 685	131 118
Benefits Paid	(146 775)	(98 931)
Actuarial (Gain)/Loss	(224 640)	93 441
Present value of fund obligation at the end of the year	2 417 470	2 285 606
Less: Transfer of Current Portion - Note 7	(248 298)	(339 990)
Balance 30 June	**2 169 172**	**1 945 616**

The liability is unfunded.

Sensitivity Analysis on the Unfunded Accrued Liability

Year ending 30 June 2015	Current Liability (R)	Change	Liability Change (R)	Change (R)
General Salary Inflation	2 417 470	+1%	2 577 000	7%
General Salary Inflation	2 417 470	-1%	2 273 000	-6%
Discount Rate	2 417 470	+1%	2 267 000	-6%
Discount Rate	2 417 470	-1%	2 588 000	7%
Average retirement inflation	2 417 470	- 2 years	2 205 000	-9%
Average retirement inflation	2 417 470	+ 2 years	2 664 000	10%
Withdrawal rates	2 417 470	- 50%	2 969 000	23%

Sensitivity Analysis on the future Current-service and Interest Costs

Year ending 30 June 2015	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Estimated for 2015/16		381 800	183 499	565 299	
General Salary Inflation	+1%	411 300	196 100	607 400	7%
General Salary Inflation	-1%	355 500	172 000	527 500	-7%
Discount Rate	+1%	357 500	192 900	550 400	-3%
Discount Rate	-1%	409 500	172 300	581 800	3%
Average retirement age	-2 years	358 600	166 500	525 100	-7%
Average retirement age	+2 years	407 100	203 100	610 200	8%
Withdrawal Rate	-50%	520 500	227 500	748 000	32%

3.3 Retirement Funds

The Cape Retirement Fund is a multi-employer plans. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, these multi-employer plans are defined as defined benefit plans. GRAP 25 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the funds' assets from the fund administrator. The fund administrator confirmed that assets of the funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrators. The fund administrators claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as defined contribution plan.

		2015 R	2014 R
	CAPE RETIREMENT FUND		
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund was in a sound financial position with a funding level of 99.9% (30 June 2013 - 100.2%).		
	Contributions paid recognised in the Statement of Financial Performance	1 514 093	1 490 468
	DEFINED CONTRIBUTION FUNDS		
	Council contributes to the SALA Pension Fund, SAMWU National Provident Fund and National Fund Municipal Managers which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
	Contributions paid recognised in the Statement of Financial Performance		
	SALA Pension Fund	753 422	673 927
	SAMWU National Provident Fund	2 855 894	2 673 752
	National Fund Municipal Managers	161 706	71 834
		3 771 022	**3 419 513**
4	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	8 658 971	5 516 949
	Total Non-current Provision	**8 658 971**	**5 516 949**
	Landfill Sites		
	Balance 1 July	5 516 949	5 492 543
	Contribution for the year	288 997	258 601
	Addition to Liability	2 853 025	-
	Disposal of Liability	-	(234 195)
	Balance 30 June	**8 658 971**	**5 516 949**
	The calculation for the rehabilitation of the landfill site provision was compiled by an external specialist who was used to perform a valuation of the estimated annual cost of closure and rehabilitation (recurring costs) for the following landfill sites:		
	- Mount Fletcher	2 227 819	411 027
	- Maclear	2 809 976	2 552 961
	- Ugie	3 621 176	2 552 961
		8 658 971	**5 516 949**

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

No landfill sites are scheduled for closure in the year that would require closure by capping. All sites are to remain operational. Allowance has been made for survey, environmental and community issues in providing cover to the existing waste to a suitable standard.

The quantity of waste deposited on the Elundini sites has been given as 785 tonnes per year (i.e. 3 tonnes a day) for Mt Fletcher and 1800 tonnes per year (i.e. 7 tonnes as day) for Maclear. This will classify the two sites as Communal in size. It is assumed the Ugie site has been classified as Communal. No leachate problems have been reported from the Mt Fletcher and Ugie sites, but the classification indicates Maclear has a leachate issue.

In calculating the provision for rehabilitation, the following four items have been included, viz.

1 Direct Contract Cost
2 Indirect Professional Fees
3 Indirect Disbursements
4 Escalation

	2015 R	2014 R

There are currently three landfill sites in Elundini which service Mount Fletcher, Maclear and Ugie, hence they are named after the town which they service.

Mt Fletcher Landfill Site:-

- Size of operational landfill area? 5 000 m² (Trench)
- Is the site licensed? Yes
- What is the classification of the site? G:C:B-
- Is the site operational? Yes
- If the site is operational, is there an expected closure date? No
- If the site is operational, what is the annual tonnage of waste deposited on site? 785 tons
- If the site is not operational what was the date the site was last operated? N/A
- Is there any hazardous waste on site? Previous occurrences of medical waste took place, EHP from District Municipality assist us by monitoring the site
- Are there any existing boreholes for monitoring? No
- Is there a monitoring program in place? N/A
- Are there any physical/geographical features that should be taken into consideration? No
- Status of cover material? N/A. Trench System, cover material available from trenching process.

Maclear Landfill Site:-

- Size of operational landfill area? 12 000 m² (Platform)
- Is the site licensed? Yes
- What is the classification of the site? G:S:B+
- Is the site operational? Site is now a transfer station
- If the site is operational, is there an expected closure date? No
- If the site is operational, what is the annual tonnage of waste deposited on site? 1 800 tons
- If the site is not operational what was the date the site was last operated? N/A
- Is there any hazardous waste on site? Previous occurrences of medical waste took place, EHP from District Municipality assist us by monitoring the site
- Are there any existing boreholes or monitoring? Yes
- Is there a monitoring program in place? No, DWA take samples periodically. We have requested the District municipality to assist with a monitoring program as they currently take samples of potable water in the area.
- Are there any physical/geographical features that should be taken into consideration? Spring on adjacent farm
- Status of cover material? Cover material on site, volume unknown

Ugie Landfill Site:-

- Size of landfill area? 16 000 m² (Platform)
- Is the site licensed? Yes
- What is the classification of the site? G:S:C-
- Is the site operational? Yes
- If the site is operational, is there an expected closure date? No
- If the site is operational, what is the annual tonnage of waste deposited on site? Estimate 120,000 tons per year from vehicle counts
- If the site is not operational what was the date the site was last operated? N/A
- Is there any hazardous waste on site? There have been small amounts deposited in the past, EHP from District Municipality assist us by monitoring the site.
- Are there any existing boreholes for monitoring? Yes
- Is there a monitoring program in place? No, DWAF take samples periodically. We have request the District Municipality to assist with a monitoring program as they currently take samples of potable water in the area.
- Are there any physical/geographical features that should be taken into consideration? No
- Status of cover material? Cover material on site, volume unknown

5 DEFERRED REVENUE

Rental of SASSA Building	664 494	801 562
Less: Current Portion transferred to Current Liabilities	(147 814)	(137 068)
Total Deferred Revenue	**516 680**	**664 494**
As previously reported		-
Correction of error restatement - note 43.02		664 494
Restated balance		664 494

The South African Social Security Agency (SASSA) is leasing a building from Elundini Local Municipality. As per the rental agreement, SASSA incurred expenditure on their own account to upgrade the building in exchange to pay R16 089 per month less rentals than the market rental asking price. The deferred revenue will un-wind over the period of the lease agreement, which is 7 years.

		2015 R	2014 R
8	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	19 528 563	17 868 931
	Sundry Creditors	145 162	101 002
	Payments received in advance	1 327 191	2 090 013
	Retentions	4 621 089	3 602 699
	Bursary Scheme - payments received from students	17 329	23 259
	Sundry Deposits	175 483	152 259
	Unknown Receipts	109 571	57 781
	Joe Gqabi District Municipality	2 415 231	-
	Total Payables from Exchange Transactions - Continued Operations	**28 339 619**	**23 895 944**
	As previously reported		24 229 504
	Correction of error restatement - note 43.02		(1 046 526)
	Correction of error restatement - note 43.03		712 966
	Restated balance		23 895 944

Payables are being recognised net of any discounts. Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary. Included in sundry deposits are hall rentals.

Deposits amounting to R581 480 (2014 - R560 555) serve as security for Payables. The remainder of the Payables are unsecured.

The Municipalities did not default on any of their payments.

9	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	1 612 327	10 488 961
	National Government Grants	292 940	5 680 953
	Provincial Government Grants	1 316 596	4 805 217
	Other Grant Providers	2 791	2 791
	Less: Unpaid Grants	(46 036)	(607 666)
	Provincial Government Grants	(46 000)	(607 630)
	Other Grant Providers	(36)	(36)
	Total Conditional Grants and Receipts	**1 566 291**	**9 881 295**
	As previously reported		14 935 910
	Correction of error restatement - note 43.04		(5 054 615)
			9 881 295

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

The Unspent Grants are cash-backed by term deposits. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

10	**TAXES**		
	VAT Receivable	4 223 471	790 413
	VAT Input in suspense	297 618	1 966 127
	VAT Output in suspense - net	(614 712)	(859 968)
	VAT Output in suspense	(1 590 863)	(1 598 206)
	Less: VAT on Provision for Debt Impairment	976 151	738 238
	Total Taxes	**3 906 377**	**1 896 572**
	As previously reported		4 766 322
	Correction of error restatement - note 43.03		4 210
	Correction of error restatement - note 43.05		(2 804 208)
	Correction of error restatement - note 43.07		(69 752)
	Restated balance		1 896 572

VAT is payable/receivable on the cash basis.

Reconciliation of VAT on Provision for Debt Impairment	
Balance at beginning of year	738 238	4 556 020
Debt Impairment for current year - note 33	237 913	(3 817 782)
Balance at end of year	**976 151**	**738 238**

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment Charge / (Reversal)	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**56 966 838**	**19 417 960**	**-**	**-**	**76 384 798**	**3 429 999**	**617 659**	**(14 795)**	**-**	**4 032 863**	**72 351 936**
Land	6 765 100	-	-	-	6 765 100	-	-	-	-	-	6 765 100
Buildings	41 548 943	-	-	665 875	42 214 818	1 594 045	483 279	-	-	2 077 324	40 137 495
Capitalised Restoration Costs	3 308 086	2 853 025	-	-	6 161 111	1 835 954	134 380	(14 795)	-	1 955 539	4 205 572
Work in Progress	5 344 708	16 564 935	-	(665 875)	21 243 769	-	-	-	-	-	21 243 769
Infrastructure	**377 200 268**	**24 140 575**	**-**	**-**	**401 340 843**	**142 840 873**	**25 049 455**	**-**	**-**	**167 890 328**	**233 450 516**
Electricity	58 104 085	-	-	972 602	59 076 687	6 510 786	1 508 598	-	-	8 019 384	51 057 303
Roads, Pavements, Bridges & Storm Water	301 335 781	-	-	20 891 162	322 226 942	136 330 087	23 540 857	-	-	159 870 944	162 355 998
Work in Progress	17 760 402	24 140 575	-	(21 863 764)	20 037 214	-	-	-	-	-	20 037 214
Lease Assets	**839 008**	**-**	**-**	**-**	**839 008**	**631 664**	**186 180**	**-**	**-**	**817 844**	**21 164**
Office Equipment	839 008	-	-	-	839 008	631 664	186 180	-	-	817 844	21 164
Other Assets	**40 701 744**	**4 025 066**	**(1 235 716)**	**-**	**43 491 094**	**19 964 671**	**6 047 721**	**-**	**(760 623)**	**25 251 769**	**18 239 325**
Furniture & Fittings	4 191 134	304 824	(57 316)	-	4 438 641	2 090 011	622 028	-	(48 376)	2 663 664	1 774 978
Motor Vehicles	18 049 698	2 300 644	(945 042)	-	19 405 301	8 312 947	2 705 827	-	(536 836)	10 481 937	8 923 363
Computer Equipment	3 378 642	971 788	(37 491)	-	4 312 939	1 714 984	745 677	-	(35 444)	2 425 216	1 887 723
Plant and Machinery	14 111 882	447 810	(195 866)	865 783	15 229 608	7 846 730	1 974 190	-	(139 967)	9 680 952	5 548 655
Security	104 605	-	-	-	104 605	-	-	-	-	-	104 605
Work in Progress	865 783	-	-	(865 783)	-	-	-	-	-	-	-
	475 707 858	**47 583 601**	**(1 235 716)**	**-**	**522 055 744**	**166 867 206**	**31 901 015**	**(14 795)**	**(760 623)**	**197 992 803**	**324 062 941**

The leased property, plant and equipment and the buildings are secured as set out in note 2.

Reconcilation of accumulated impairment included in accumulated depreciation:

Opening balance	85 888
Impairment charge / (Reversal of impairment)	(14 795)
Closing balance	71 093
Capitalised Restoration Costs	71 093

During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect on the current as well as future periods are as follows:

	2015	2016	2017
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	1 549 430	(388 938)	580 246
Increase/(Decrease) in Accumulated Depreciation: PPE	(1 549 430)	388 938	(580 246)

30 JUNE 2014

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment Charge / (Reversal)	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**51 406 504**	**5 686 551**	**(126 217)**	**-**	**56 966 838**	**2 941 189**	**494 225**	**(5 416)**	**-**	**3 429 999**	**53 536 839**
Land	6 765 100	-	-	-	6 765 100	-	-	-	-	-	6 765 100
Buildings	34 566 931	-	-	6 982 013	41 548 943	1 245 330	348 715	-		1 594 045	39 954 898
Capitalised Restoration Costs	3 434 303	-	(126 217)	-	3 308 086	1 695 859	145 510	(5 416)	-	1 835 954	1 472 132
Work in Progress	6 640 170	5 686 551	-	(6 982 013)	5 344 708	-	-	-	-	-	5 344 708
Infrastructure	**362 072 610**	**21 311 334**	**(6 183 676)**	**-**	**377 200 268**	**119 602 848**	**25 527 216**	**-**	**(2 289 191)**	**142 840 873**	**234 359 396**
Electricity	56 295 926	-	(1 682 364)	3 490 523	58 104 085	5 282 774	1 499 471	-	(271 459)	6 510 786	51 593 299
Roads, Pavements, Bridges & Storm Water	274 860 475	-	(4 501 312)	30 976 617	301 335 781	114 320 074	24 027 745	-	(2 017 732)	136 330 087	165 005 694
Work in progress	30 916 209	21 311 334	-	(34 467 140)	17 760 402	-	-	-	-	-	17 760 402
Lease Assets	**839 008**	**-**	**-**	**-**	**839 008**	**405 788**	**225 876**	**-**	**-**	**631 664**	**207 344**
Office Equipment	839 008	-	-	-	839 008	405 788	225 876	-	-	631 664	207 344
Other Assets	**35 700 783**	**5 007 106**	**(6 145)**	**-**	**40 701 744**	**14 193 344**	**5 771 331**	**-**	**(3)**	**19 964 671**	**20 737 073**
Furniture & Fittings	3 339 972	857 308	(6 145)	-	4 191 134	1 560 115	529 900	-	(3)	2 090 011	2 101 123
Motor Vehicles	16 400 404	1 649 294	-	-	18 049 698	5 498 237	2 814 709	-	-	8 312 947	9 736 751
Computer Equipment	2 540 747	837 895	-	-	3 378 642	1 108 011	606 973	-	-	1 714 984	1 663 659
Plant and Machinery	13 419 660	692 222	-	-	14 111 882	6 026 981	1 819 749	-	-	7 846 730	6 265 152
Security	-	104 605	-	-	104 605	-	-	-	-	-	104 605
Work in progress	-	865 783	-	-	865 783	-	-	-	-	-	865 783
	450 018 905	**32 004 991**	**(6 316 038)**	**-**	**475 707 858**	**137 143 168**	**32 018 648**	**(5 416)**	**(2 289 195)**	**166 867 206**	**308 840 652**

As previously reported	308 011 842
Correction of error restatement - note 43.06	4 689 013
Correction of error restatement - note 43.06	(3 860 203)
Restated balance	308 840 652

The leased property, plant and equipment and the buildings are secured as set out in note 2.

Reconcilation of accumulated impairment included in accumulated depreciation:

Opening balance	91 304
Impairment charge / (Reversal of impairment)	(5 416)
Closing balance	85 888
Capitalised Restoration Costs	85 888

		2015 R	2014 R
12	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**35 458 902**	**35 182 027**
	Cost	35 844 696	35 499 041
	Accumulated Depreciation	(385 793)	(317 014)
	Acquisition	-	1 046 526
	Depreciation	(71 121)	(68 780)
	Disposals	(341 500)	(700 871)
	Cost	(341 500)	(700 871)
	Accumulated Depreciation	-	-
	Net Carrying amount at 30 June	**35 046 281**	**35 458 902**
	Cost	35 503 196	35 844 696
	Accumulated Depreciation	(456 914)	(385 793)
	As previously reported		38 432 384
	Correction of error restatement - note 43.06		(2 973 482)
	Restated balance		35 458 902
	Revenue derived from the rental of investment property	1 250 027	1 114 972

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

13	**INTANGIBLE ASSETS**		
	Computer Software		
	Net Carrying amount at 1 July	**347 172**	**99 418**
	Cost	418 064	139 783
	Accumulated Amortisation	(70 892)	(40 365)
	Acquisitions	-	278 281
	Amortisation	(59 723)	(30 527)
	Net Carrying amount at 30 June	**287 449**	**347 172**
	Cost	418 064	418 064
	Accumulated Amortisation	(130 616)	(70 892)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

14	**INVENTORY**		
	Consumable Stores	550 868	419 532
	Total Inventory	**550 868**	**419 532**
	As previously repored		7 286 532
	Correction of error restatement - note 43.06		(6 867 000)
	Restated balance		419 532
	Inventory recognised as an expense during the year	677 316	1 010 910
	Consumable stores materials losses/(gains) identified during stock counts	119 398	86 386

No inventory assets were pledged as security for liabilities.

		2015 R	2014 R
15	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	3 994 591	3 071 861
	Refuse	5 040 914	3 632 001
	Other	4 756 282	5 050 565
	Irrecoverable debts	922 779	832 615
	Arrangements	978 462	1 059 426
	Joe Gqabi District Municipality	-	1 474 221
	House Rentals	1 626 354	992 772
	Prepaid Expenses	494 910	-
	Sundry	733 777	691 532
	Total Receivables from Exchange Transactions	**13 791 787**	**11 754 427**
	Less: Allowance for Doubtful Debts	(11 014 936)	(8 019 920)
	Total Net Receivables from Exchange Transactions - Continued Operations	**2 776 851**	**3 734 507**
	As previously reported		4 210 823
	Correction of error restatement - note 43.03		185 104
	Correction of error restatement - note 43.07		(661 420)
	Restated balance		3 734 507

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of Receivables from exchange transactions on initial recognition is not deemed necessary.

Reconciliation of Allowance for doubtful debts		
Balance at beginning of year	8 019 920	36 141 914
Contribution to provision - note 33	3 229 858	916 597
Debt Impairment written off against provision	(234 842)	(29 038 591)
Balance at end of year	**11 014 936**	**8 019 920**

Concentrations of credit risk with respect to Receivables from exchange transactions are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables.

Service Receivables	**Gross Balance R**	**Allowance for Doubtful Debts R**	**Net balance R**
2015			
Electricity	3 994 591	(3 087 035)	907 556
Refuse	5 040 914	(4 808 903)	232 011
Other	4 756 282	(3 118 998)	1 637 284
Total	**13 791 787**	**(11 014 936)**	**2 776 851**
2014			
Electricity	3 071 861	(2 142 801)	929 060
Refuse	3 632 001	(3 376 791)	255 210
Other	5 050 565	(2 500 328)	2 550 237
Total	**11 754 427**	**(8 019 920)**	**3 734 507**

Ageing of Receivables from Exchange Transactions

Electricity		
Current (0 - 30 days)	622 280	385 243
31 to 60 days	325 048	317 431
61 to 90 days	155 325	179 153
91 to 120 days	132 943	121 717
121 to 150 days	129 399	106 262
>150 days	2 629 596	1 962 055
Total	**3 994 591**	**3 071 861**
Refuse		
Current (0 - 30 days)	256 425	210 821
31 to 60 days	199 047	160 405
61 to 90 days	178 394	145 007
91 to 120 days	170 300	140 483
121 to 150 days	156 656	133 535
>150 days	4 080 092	2 841 749
Total	**5 040 914**	**3 632 001**

		2015 R	2014 R
	Other		
	Current (0 - 30 days)	109 960	94 494
	31 to 60 days	98 752	80 147
	61 to 90 days	150 726	348 152
	91 to 120 days	80 910	75 200
	121 to 150 days	280 552	514 923
	>150 days	4 035 381	3 937 651
	Total	**4 756 282**	**5 050 565**

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates	16 083 412	18 082 012
Traffic Fines	728 870	486 800
Other Receivables	663 406	637 331
Underbanking of Cash	50 458	45 308
Deposits	581 480	560 555
Sundry Debtors	31 468	31 468
Total Receivables from Non-Exchange Transactions	**17 475 688**	**19 206 143**
Less: Allowance for Doubtful Debts	(16 117 858)	(17 772 202)
Total Net Receivables from Non-Exchange Transactions	**1 357 830**	**1 433 941**
As previously reported		5 015 622
Correction of error restatement - note 43.08		(3 581 681)
Restated balance		1 433 941

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Due to the prospective application of the revised IGRAP 1, the Municipality raised a receivable as well as an impairment charge on unpaid fines in the current year.

Reconciliation of Allowance for doubtful debts

Balance at beginning of year	17 772 202	14 877 880
Contribution to provision - note 23	242 070	4 237 832
Reversal of provision - note 33	(1 800 583)	-
Debt Impairment written off against provision	(95 831)	(1 343 510)
Balance at end of year	**16 117 858**	**17 772 202**

Concentrations of credit risk with respect to receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables.

	Gross Balance R	Allowance for Doubtful Debts R	Net balance R
2015			
Rates	16 083 412	(15 388 988)	694 424
Traffic Fines	728 870	(728 870)	-
Other Receivables	663 406	-	663 406
Total	**17 475 688**	**(16 117 858)**	**1 357 830**
2014			
Rates	18 082 012	(17 285 402)	796 610
Traffic Fines	486 800	(486 800)	-
Other Receivables	637 331	-	637 331
Total	**19 206 143**	**(17 772 202)**	**1 433 941**

Ageing of Receivables from Non-Exchange Transactions

Rates		
Current (0 - 30 days)	41 243	37 933
31 to 60 days	212 791	188 997
61 to 90 days	148 825	167 994
91 to 120 days	137 644	146 517
121 to 150 days	131 759	140 084
>150 days	15 411 150	17 400 487
Total	**16 083 412**	**18 082 012**

				2015 R	2014 R
17	**CASH AND CASH EQUIVALENTS**				
	Assets				
	Call Investment Deposits			33 052 221	23 182 407
	Current Accounts			751 786	1 048 990
	Cash Floats			1 498	1 210
	Total Cash and Cash Equivalents - Assets			**33 805 505**	**24 232 607**
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.				
	Call Investments Deposits to an amount of R1 635 838 are held to fund the Unspent Conditional Grants (2014: R10 488 961).				
	The Municipality has the following bank accounts:				
	Current Accounts				
	First National Bank - Acc no 62159933772 (Primary bank account)			649 930	906 959
	First National Bank - Acc no 62312151848 (Petty Cash Account)			2 034	(25)
	Standard Bank - Acc no 280642407 (Revenue Account)			99 822	142 056
				751 786	**1 048 990**
	First National Bank - Acc no 62159933772 (Primary bank account)				
	Cash book balance at beginning of year			906 959	(2 235 106)
	Cash book balance at end of year			649 930	906 959
	Bank statement balance at beginning of year			1 309 913	2 204 139
	Bank statement balance at end of year			496 715	1 309 913
	First National Bank - Acc no 62312151848 (Petty Cash Account)				
	Cash book balance at beginning of year			(25)	3 511
	Cash book balance at end of year			2 034	(25)
	Bank statement balance at beginning of year			(25)	3 511
	Bank statement balance at end of year			2 034	(25)
	Standard Bank - Acc no 280642407 (Revenue Account)				
	Cash book balance at beginning of year			142 056	2 519 992
	Cash book balance at end of year			99 822	142 056
	Bank statement balance at beginning of year			142 056	2 453 063
	Bank statement balance at end of year			99 822	142 056
	Call Investment Deposits				
	Call investment deposits consist out of the following accounts:				
	Standard Bank	- Acc no 388497173001	- Elundini Expanded Public Works	1 136 837	23 709
	Standard Bank	- Acc no 388492554001	- Elundini Housing	1 156	73 329
	Standard Bank	- Acc no 388497165001	- Elundini Voting Station	317 412	308 107
	Standard Bank	- Acc no 388493410002	- FMG	514 643	514 945
	Standard Bank	- Acc no 388492570001	- Housing Pilot	2 159	115 588
	Standard Bank	- Acc no 388492716001	- Katlehong Planning	28	2 825
	Standard Bank	- Acc no 388492406001	- Leave Reserve	12 480	12 265
	Standard Bank	- Acc no 388493410001	- LED	183 727	159 658
	Standard Bank	- Acc no 388494255001	- Library	2 082	111 466
	Standard Bank	- Acc no 388493003001	- Maclear Greenfields	1 215	77 024
	Standard Bank	- Acc no 388492325001	- MSIG	711 328	328 405
	Standard Bank	- Acc no 388494387001	- MSP	1 764 266	1 695 409
	Standard Bank	- Acc no 388490810001	- NER	1 351 184	1 330 199
	Standard Bank	- Acc no 388492759001	- Revolving Fund	322	322
	Standard Bank	- Acc no 388493518001	- Tourism	583 042	579 609
	FNB	- Acc no 62189194170	- Equitable Share	19 575	1 893
	FNB	- Acc no 62246726197	- Furniture Management Project	29 088	247 283
	FNB	- Acc no 62246719176	- Hawkers Stalls	1 279	2 264 728
	FNB	- Acc no 62189180011	- MIG	10 601 024	12 769 904
	FNB	- Acc no 62268632934	- Ward Functions	45 043	43 482
	FNB	- Acc no 62314984106	- Community Participation	1 643	78 343
	FNB	- Acc no 62284785303	- Internal Road Reserve	15 555	15 379
	FNB	- Acc no 62284785121	- Working Capital Reserve	15 162 897	10 000
	FNB	- Acc no 62411792353	- Public Works	25 014	1 600 257
	FNB	- Acc no 62378875226	- Mayoral Investment Account	477 697	465 299
	FNB	- Acc no 62467970052	- Business Survey	90 525	352 979
	FNB	- Acc no 62543909777	- ELM DBSA Bank	1 000	-
				33 052 221	**23 182 407**

		2015 R	2014 R
18	**PROPERTY RATES**		
	Rateable Land and Buildings	16 425 563	15 519 301
	Less: Rebates	(2 744 392)	(2 162 201)
	Total Property Rates	**13 681 171**	**13 357 100**
	Balance as previously reported		13 353 637
	Correction of error restatement - note 43.08		3 463
	Restated balance		13 357 100
	Valuations - August 2013		
	Residential	581 713 500	582 144 000
	Special Residential	33 669 179	33 669 179
	Business and Government Property used by Local Government	608 798 500	608 824 500
	Industrial	184 237 000	184 237 000
	Government Property used by Provincial and District Government	44 498 500	44 498 500
	Government Property used by National Government	24 175 500	24 175 500
	Public Service Infrastructure and Agriculture	3 394 377 591	3 394 377 591
	Municipal Owned Property and Churches	549 162 776	548 706 276
	Rateable Land and Buildings	**5 420 632 546**	**5 420 632 546**
	Rebates on Income - Basic Rate:		
	Residential	0.576c/R	0.543c/R
	Special Residential	0.748c/R	0.706c/R
	Business and Government Property used by Local Government	0.859c/R	0.810c/R
	Industrial	1.147c/R	1.082c/R
	Government Property used by Provincial and District Government	0.869c/R	0.860c/R
	Government Property used by National Government	0.912c/R	0.968c/R
	Public Service Infrastructure and Agriculture	0.143c/R	0.135c/R
	Municipal Owned Property and Churches	0.000c/R	0.000c/R

Rates are levied annually and monthly. Monthly rates are payable by the last day of each month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

19	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**101 878 000**	**84 626 000**
	Equitable Share	101 878 000	84 626 000
	Conditional Grants	**57 340 972**	**40 406 103**
	Municipal Infrastructure Grant (MIG)	41 923 463	27 164 489
	Municipal Systems Improvement Grant (MSIG)	934 000	890 000
	Financial Management Grant (FMG)	1 600 000	1 550 000
	Public Works	4 884 637	2 657 456
	Integrated National Electrification Programme (INEP)	5 149 550	2 608 266
	Other Grants	2 849 323	5 535 893
	Total Government Grants and Subsidies	**159 218 972**	**125 032 103**
	Government Grants and Subsidies - Capital	40 841 008	26 276 192
	Government Grants and Subsidies - Operating	118 377 964	98 755 911
		159 218 972	**125 032 103**
	As previously reported		124 332 103
	Correction of error restatement - note 43.04		700 000
	Restated balance		125 032 103

The Municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable Share	101 878 000	84 626 000
Executive Council	-	7 816
Budget & Treasury	2 534 000	2 440 000
Community Services	517 528	1 293 706
Strategic Planning & Development	741 795	2 822 267
Technical services	53 547 649	33 842 314
Total Grants	**159 218 972**	**125 032 103**

		2015 R	2014 R
19.1	**Equitable Share**		
	Opening balance	-	-
	Grants received	101 878 000	84 626 000
	Conditions met - operating	(101 878 000)	(84 626 000)
	Conditions met - capital	-	-
	Closing balance	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

19.2	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	5 680 953	797 442
	Grants received	36 485 000	32 048 000
	Conditions met - operating	(1 824 250)	(1 602 400)
	Conditions met - capital	(40 099 213)	(25 562 088)
	Closing balance	**242 490**	**5 680 953**

MIG is used to supplement capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions. Also to provide for new municipal infrastructure and rehabilitation and upgrading of existing ones.

19.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	-	-
	Grants received	934 000	890 000
	Conditions met - operating	(934 000)	(890 000)
	Conditions met - capital	-	-
	Closing balance	**-**	**-**

MSIG is used to assist municipalities in building in-house capacity to perform their functions and stabilize institutional and governance systems as required in the Municipal Systems Act.

19.4	**Financial Management Grant (FMG)**		
	Opening balance	-	-
	Grants received	1 600 000	1 550 000
	Conditions met - operating	(1 600 000)	(1 550 000)
	Conditions met - capital	-	-
	Closing balance	**-**	**-**

FMG is used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

19.5	**Integrated National Electrification Programme (INEP)**		
	Opening balance	-	608 266
	Grants received	5 200 000	2 000 000
	Conditions met - operating	(5 149 550)	(2 608 266)
	Conditions met - capital	-	-
	Closing balance	**50 450**	**-**

The National Electrification Grant is used for electrical connections in previously disadvantaged areas.

19.6	**Public Works**		
	Opening balance	2 885 298	1 551 780
	Grants received	1 999 339	3 990 975
	Conditions met - operating	(4 884 637)	(2 657 456)
	Conditions met - capital	-	-
	Closing balance	**-**	**2 885 298**

The Public Works Grant is used for routine activities linked to selected district roads.

19.7	**Other Grants**		
	Opening balance	1 315 044	3 201 486
	Grants received	2 807 630	3 649 450
	Conditions met - operating	(2 107 528)	(4 821 789)
	Conditions met - capital	(741 795)	(714 104)
	Closing balance	**1 273 351**	**1 315 043**

Various grants were received from other spheres of government.

		2015 R	2014 R
19.8	**Total Grants**		
	Opening balance	9 881 295	6 158 973
	Grants received	150 903 969	128 754 425
	Conditions met - Operating	(118 377 964)	(98 755 911)
	Conditions met - Capital	(40 841 008)	(26 276 192)
	Closing balance	**1 566 292**	**9 881 295**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	1 612 328	10 488 961
	Unpaid Conditional Government Grants and Receipts	(46 036)	(607 666)
		1 566 292	**9 881 295**
20	**ACTUARIAL GAINS/(LOSSES)**		
	Post Retirement Medical Obligation - note 3	63 615	(2 008)
	Long Service Awards - to note 3	224 640	(93 441)
	Total Actuarial Gains/(Losses)	**288 255**	**(95 449)**
21	**FINES**		
	Traffic Fines	298 350	548 150
	Other Fines	36 977	40 517
	Total Fines	**335 327**	**588 667**
22	**REVERSAL OF IMPAIRMENTS**		
	Property, Plant and Equipment	14 795	5 416
	Total Impairments	**14 795**	**5 416**
	The reversal of impairment relate to the capitalised restoration costs. The reversal of impairment was caused by the change in the discount rate which is linked to the prime rate.		
23	**REVERSAL OF DEBT IMPAIRMENT**		
	Receivables from Non-exchange Transactions - note 16	1 800 583	-
	Total Reversal of Debt Impairment	**1 800 583**	**-**
24	**SERVICE CHARGES**		
	Electricity	19 260 513	18 632 675
	Refuse Removal	4 224 441	3 983 780
		23 484 954	22 616 455
	Less: Rebates	(4 504 296)	(3 482 227)
	Total Service Charges	**18 980 658**	**19 134 228**
	As previously reported		19 074 169
	Correction of error restatement - note 43.03		60 059
	Restated balance		19 134 228
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25	**PLANT INCOME**		
	Earnings prior to expenditure	5 023 129	3 556 838
	Less: Employee Related Costs - note 31	(1 089 348)	(902 470)
	Less: Depreciation and Amortisation - note 34	(1 197 857)	(992 811)
	Less: Repairs and Maintenance - note 35	(2 128 653)	-
	Less: General Expenses - note 41	(607 271)	(1 661 557)
	Total Plant Income	**-**	**-**
	Plant Income is associated with roads construction for MIG projects.		

		2015 R	2014 R
26	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Rental of Buildings, Halls and Facilities	1 250 027	1 114 972
	Rental of Equipment	4 792	2 289
	Deferred Rental Income	193 068	193 068
	Total Rental of Facilities and Equipment	**1 447 887**	**1 310 329**
	As previously reported		1 120 643
	Correction of error restatement - note 43.02		193 068
	Correction of error restatement - note 43.03		(3 382)
	Restated balance		1 310 329
27	**LICENCES AND PERMITS**		
	Driving Licences	346 345	325 280
	Learner Driving Licences	383 471	314 729
	Number Plates	16 082	12 982
	Public Drivers Permits	221 904	200 915
	Registrations	1 005 501	1 103 593
	Total Licences and Permits	**1 973 303**	**1 957 499**
	As previously reported		2 188 272
	Correction of error restatement - note 43.05		(230 773)
	Restated balance		1 957 499
28	**AGENCY SERVICES**		
	Water and Sanitation Agency Function	1 414 350	1 448 997
	Total Agency Services	**1 414 350**	**1 448 997**
	The agency service relates to the water and sanitation function conducted on behalf of the Joe Gqabi District Municipality. The agency service includes a fixed fee for the administration of accounts as well as a 15% fee on all collections made.		
29	**OTHER INCOME**		
	Commission Received	71 410	58 593
	Insurance Claims Received	239 320	100 417
	Tender Document Sales	174 087	213 528
	LGSETA Claims Received	101 506	46 291
	Pound Fees	76 717	156 733
	Cemetery Fees	22 634	20 777
	Building Plan & Inspection	83 477	85 903
	Auction Sales	61 082	25 070
	Discounts received	-	72 667
	Prescribed Debt	149 736	-
	Photo Copies	26 159	13 365
	Sundry Income	239 798	112 068
	Total Other Income	**1 245 926**	**905 412**
	As previously reported		1 017 724
	Correction of error restatement - note 43.06		(112 312)
	Restated balance		905 412
	Prescribed Debt includes unclaimed deposits and receipts older than three years recognised as income.		
30	**GAIN/(LOSS) ON DISPOSAL OF INVESTMENT PROPERTY**		
	Proceeds	265 877	845 702
	Carrying value of Investment Property Sold	(341 500)	(700 871)
	Total Loss on Disposal of Investment Property	**(75 623)**	**144 831**
	As previously reported		(163 904)
	Correction of error restatement - note 43.06		308 735
	Restated balance		144 831

		2015 R	2014 R
31	**EMPLOYEE RELATED COSTS**		
	Bursary Scheme	28 450	23 900
	Contribution to Current Employee Benefits - Bonuses Accrued - note 6	3 166 594	2 730 237
	Contribution to Current Employee Benefits - Staff Leave - note 6	268 043	713 213
	Contribution to Current Employee Benefits - Performance Bonuses - note 6	529 217	1 278 158
	Contribution to Employee Benefits - Long Service Awards - note 3	336 595	293 479
	Medical Aid Contributions	3 278 716	2 867 567
	Overtime	1 636 878	1 830 116
	Pension Fund Contributions	5 298 862	4 913 806
	Salaries and Wages	39 557 571	36 307 953
	Skills Development Levy	514 403	484 949
	Travel, motor car, telephone, assistance and other allowances	6 900 735	6 680 591
	UIF Contributions	358 442	338 970
	Workmens Compensation Contributions	719 726	56 139
	Total Employee Related Costs	**62 594 232**	**58 519 078**
	Less: Employee Related Costs associated with Plant Income - note 25	(1 089 348)	(902 470)
	Total Employee Related Costs	**61 504 884**	**57 616 608**
	REMUNERATION OF MANAGEMENT PERSONNEL		
	Municipal Manager and all Section 57 Managers are appointed on a 5-year fixed contract.		
	Municipal Manager - K Gashi		
	Remuneration	882 314	846 170
	Car and other allowances	256 771	243 043
	Performance Bonuses	59 940	78 943
	Contributions to UIF, Medical and Pension Funds	124 339	107 991
	Total	**1 323 364**	**1 276 147**
	Manager Infrastructure Planning and Development - X Mntonintshi		
	Remuneration	666 722	614 706
	Car and other allowances	356 299	335 944
	Performance Bonuses	39 683	37 331
	Contributions to UIF, Medical and Pension Funds	18 056	11 193
	Total	**1 080 760**	**999 174**
	Manager Corporate Services - SR Matubatuba		
	Remuneration	717 795	706 665
	Car and other allowances	388 671	415 130
	Performance Bonuses	43 103	70 960
	Contributions to UIF, Medical and Pension Funds	12 907	13 173
	Total	**1 162 476**	**1 205 929**
	Chief Financial Officer - SW Goodall (until 30/06/2014)		
	Remuneration	-	571 363
	Car and other allowances	-	396 271
	Performance Bonuses	44 668	105 053
	Contributions to UIF, Medical and Pension Funds	-	130 738
	Leave days paid	-	89 337
	Total	**44 668**	**1 292 761**
	Manager Strategic Planning and Economic Development - NC Eddie		
	Remuneration	613 993	569 501
	Car and other allowances	407 465	395 519
	Performance Bonuses	39 683	37 331
	Contributions to UIF, Medical and Pension Funds	12 036	11 390
	Total	**1 073 178**	**1 013 741**
	Manager Community Services - M Ntaba (until 29/01/2015)		
	Remuneration	403 079	617 497
	Car and other allowances	203 285	324 548
	Performance Bonuses	9 903	-
	Contributions to UIF, Medical and Pension Funds	6 860	10 729
	Total	**623 127**	**952 773**

		2015 R	2014 R
32	**REMUNERATION OF COUNCILLORS**		
	Mayor - NR Yelani-Lengs	749 768	708 822
	Speaker - M Bomela	605 024	572 405
	Part-time Members of the Executive Committee - 5 members	1 620 246	1 578 264
	Part-time Section 79 Chairpersons - 5 members (2014: 4 members)	1 511 442	1 157 645
	Part-time Councillors - 22 Councillors (2014: 23 Councillors)	5 327 151	5 465 577
	Total Remuneration of Councillors	**9 813 631**	**9 482 713**
	In-kind Benefits		
	The Mayor and Speaker are full-time. They are provided with secretarial support and an office at the cost of the Council.		
33	**DEBT IMPAIRMENT**		
	Receivables from Exchange Transactions - note 15	3 229 858	916 597
	Receivables from Non-exchange Transactions - note 16	242 070	4 237 832
	Total Contribution to Impairment Provision	**3 471 928**	**5 154 428**
	(Less)/Add: Portion Relating to VAT - note 10	(237 913)	3 817 782
	Total Debt Impairment	**3 234 015**	**8 972 211**
	As previously reported		7 314 824
	Correction of error restatement - note 43.07		(316 708)
	Correction of error restatement - note 43.08		1 974 095
	Restated balance		8 972 211
34	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	31 901 015	32 018 648
	Investment Property	71 121	68 780
	Intangible Assets	59 723	30 527
	Total Depreciation and Amortisation	**32 031 860**	**32 117 955**
	Less: Depreciation and Amortisation associated with Plant Income - note 25	(1 197 857)	(992 811)
	Total Depreciation and Amortisation	**30 834 003**	**31 125 144**
	As previously reported		31 093 215
	Correction of error restatement - note 43.06		31 929
	Restated balance		31 125 144
35	**REPAIRS AND MAINTENANCE**		
	Infrastructure	5 605 348	5 905 954
	Land and Buildings	618 458	684 621
	Other Assets	1 428 631	1 464 497
	Total Repairs and Maintenance	**7 652 437**	**8 055 072**
	Less: Repairs and Maintenance associated with Plant Income - note 25	(2 128 653)	-
	Total Repairs and Maintenance	**5 523 784**	**8 055 072**
	As previously reported		8 131 496
	Correction of error restatement - note 43.03		(76 424)
	Restated balance		8 055 072
36	**FINANCE CHARGES**		
	Long-term Liabilities - Annuity Loans	11 531	22 736
	Long-term Liabilities - Capitalise Lease Liability	13 853	28 908
	Deferred Revenue	56 000	65 965
	Non-Current Employee Benefits	323 761	272 146
	Non-Current Provisions - Rehabilitation of Landfill Sites	288 997	258 601
	Interest charged by Creditors	14 660	38 686
	SARS Penalties and Interest	105 167	-
	Total Finance Charges	**813 969**	**687 042**
	As previously reported		621 077
	Correction of error restatement - note 43.02		65 965
	Restated balance		687 042

		2015 R	2014 R
37	**BULK PURCHASES**		
	Electricity	15 058 558	14 809 383
	Total Bulk Purchases	**15 058 558**	**14 809 383**
38	**CONTRACTED SERVICES**		
	Solid Waste	2 109 018	2 261 311
	Total Contracted Services	**2 109 018**	**2 261 311**
39	**GRANTS AND SUBSIDIES PAID**		
	Joe Gqabi Economic Development Agency	-	263 158
	Total Grants and Subsidies	**-**	**263 158**
40	**OPERATING GRANT EXPENDITURE**		
	Budget & Treasury	2 380 685	2 520 834
	Community Services	-	711 640
	Strategic Planning & Development	696	1 396 256
	Technical Services	4 517 149	3 409 131
	Total Grant Expenditure	**6 898 530**	**8 037 861**
	As previously reported		4 628 730
	Correction of error restatement - note 43.06		3 409 131
	Restated balance		8 037 861
41	**GENERAL EXPENSES**		
	Advertising	546 435	435 658
	Auditors Remuneration	2 860 968	2 034 976
	Bank Charges	79 442	106 545
	Cleaning Materials	62 615	54 996
	Commission Paid	356 404	603 971
	Conferences and Seminars	288 956	378 170
	Consulting, Professional and Legal Fees	7 750 819	5 097 508
	Entertainment and Catering	995 352	956 424
	Fraud Prevention Plan	45 500	38 500
	Fuel and Oil	3 029 820	3 056 285
	Gifts	31 740	126 476
	Insurance	1 079 746	959 300
	Job Evaluation	20 250	20 055
	Lease rentals	351 819	538 606
	Licence Fees	536 081	301 513
	Postage and Courier	28 904	38 634
	Printing and Stationery	852 197	813 750
	Promotions and Sponsorships	822 403	922 067
	Protective Clothing	323 046	452 724
	Public Participation	1 987 342	1 327 086
	Refuse Bags and Containers	117 332	399 805
	Relocation Costs	77 390	90 004
	Security	837 960	857 562
	Small Tools and Equipment	775 161	983 410
	Special Programmes	3 732 972	4 432 631
	Subscriptions and Membership Fees	992 460	918 157
	Telephone and fax	2 347 291	2 058 508
	Town Planning and Property Valuation Fees	-	722 423
	Traffic Department Costs	140 199	123 005
	Training	1 175 651	1 682 599
	Travel and Subsistence	6 718 894	6 709 552
	Ward Committees	645 295	1 758 883
	Other Expenditure	1 677 670	1 315 373
	Total General Expenses	**41 288 114**	**40 315 156**
	Less: General Expenses associated with Plant Income - note 25	(607 271)	(1 661 557)
	Total General Expenses	**40 680 843**	**38 653 599**
	As previously reported		38 573 583
	Correction of error restatement - note 43.03		80 016
	Restated balance		38 653 599

		2015 R	2014 R
42	**GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**		
	Proceeds	100 956	112 312
	Disposal of Liability (Provision for Rehabilitation of Landfill sites) - note 4	-	234 195
		100 956	346 507
	Carrying value of Property, Plant and Equipment disposed	(475 093)	(4 026 843)
	Total Gain on Disposal of Property, Plant and Equipment	**(374 137)**	**(3 680 336)**
	As previously reported		413 001
	Correction of error restatement - note 43.06		(4 093 337)
	Restated balance		(3 680 336)

		2014 R
43	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
43.01	**Accumulated Surplus - 1 July 2013**	
	Deferred Revenue - note 43.02	117 862
	Payables from Exchange Transactions - note 43.03	(532 143)
	Unspent Conditional Government Grants and Receipts - note 43.04	4 354 615
	Taxes - note 43.05	(2 573 434)
	Property, Plant and Equipment - note 43.06	(1 710 409)
	Receivables from Exchange Transactions - note 43.07	(1 047 880)
	Receivables from Non-Exchange Transactions - note 43.08	(1 611 049)
	Total	(3 002 438)

43.02 Deferred Revenue

The South African Social Security Agency (SASSA) is leasing a building from Elundini Local Municipality. As per the rental agreement, SASSA incurred expenditure on their own account to upgrade the building in exchange to pay R16 089 per month less rentals than the market rental asking priice. The deferred revenue will un-wind over the period of the lease agreement, which is 7 years. In the current year it was noted that the deferred revenue was incorrectly classifed as a non-current liability under Payables from Exchange Transactions. The majority of the deferred revenue will not un-wind within the next 12 months and therefor this portion need to be disclosed as non-current. Further to this, it was also noted that no un-winding were done for 2012/13 and 2013/14.

Refer to Deferred Revenue (non-current portion) - note 5	(664 494)
Refer to Payables from Exchange Transaction - note 8	1 046 526
Refer to Rental of Facilities and Equipment - note 26	(193 068)
Refer to Finance Charges - note 36	65 965
Refer to Accumulated Surplus - 1 July 2013 - note 43.01	(117 862)
Refer to Statement of Financial Position for the current-portion	(137 068)

43.03 Payables from Exchange Transactions

Invoices amounting to R149 096 were not raised on 30 June 2014. In addition, it was also noted that an invoice amouting the R88 323 were incorrectly raised even though the service was not yet received. The net effect is that Trade Paybles was understated by R60 773.

A deposit amounting to R3 855 for rentals was incorrectly allocated to Rental of Facilities and Equipment, rather to Sundry Deposits.

It was noted that the Payments Received in Advance amounting to R60 058 relating to 30 June 2013 was not reversed during 2013/14. It was also noted that the Payments Received in Advance amounting to R185 103 for 30 June 2014, was incorrectly allocated to Receivables from Exchange Transactions rather than Payables from Exchange Transactions. The net effect is that Payments Received in Advance was understated with R125 045.

Included in retentions were payments allocated amounting to R523 293 which relates to retentions payment of projects completed prior to GRAP implementation date. As deemed costs was used to determine the cost of assets on GRAP implementation deate and not the actual cost, these payments should have been expensed.

Refer to Payables from Exchange Transaction - note 8	(712 966)
Refer to Taxes - note 10	4 210
Refer to Receivables from Exchange Transactions - note 15	185 104
Refer to Service Charges - note 24	(60 059)
Refer to Rental of Facilities and Equipment - note 26	3 382
Refer to Repairs and Maintenance - note 35	(76 424)
Refer to General Expenses - note 41	80 016
Refer to Accumulated Surplus - 1 July 2013 - note 43.01	532 143
Refer to Statement of Financial Performance - Collection Costs - note 43.09	44 595

		2014 R
43.04	**Unspent Conditional Government Grants and Receipts**	
	An exercise was undertaken to determine whether old unspent conditional grant monies were still valid. The projects were inspected and found to be completed. In addition, none of the grant funders required the repayment of the unspent monies. The conditions were therefore already met in prior years and the unspent portion is therefore considered to be spent in full. Accordingly, Unspent Conditional Government Grants and Receipts was overstated, while Government Grants and Subsidies and Accumulated Surplus were understated.	
	Refer to Unspent Conditional Government Grants and Receipts - note 9	5 054 615
	Refer to Government Grants and Subsidies - note 19	(700 000)
	Refer to Accumulated Surplus - 1 July 2013 - note 43.01	(4 354 615)
43.05	**Taxes**	
	In the current year the South African Revenue Service (SARS) conducted a Value Added Tax (VAT) audit from 1 July 2009 to 30 June 2013. The audit revealed that the Municipality overclaimed VAT amounting to R1 863 049. Interest and penalties amounting to R523 214 and R187 170 respectively were charged on this overclaim.	
	The SARS VAT audit revealed that no Output VAT was being paid Licences and Permits. The amount of Output VAT relating to Licences and Permits for 2013/14 amounted to R230 773.	
	Refer to Taxes - note 10	(2 804 208)
	Refer to Licences and Permits - note 27	230 773
	Refer to Accumulated Surplus - 1 July 2013 - note 43.01	2 573 434
43.06	**Property, Plant and Equipment**	
	In the current year an exercise was undertaken on the property register. The exercise included determining who is the controlling party of the property as well as the correct classification of the property, i.e. Property, Plant and Equipment, Investment Property or Inventory	
	The exercise revealed the following:	
	- Included in the property register were property amounting to R11 254 360 which were still registered in the name of the Municipality, but is not being controlled by the Municipality. These property mainly included RDP houses, legal occupations or the property is being controlled by a different sphere of government, which includes clinics and schools.	
	- Property not registered in the name of the Municipality, but which is being controlled by the Municipality amounted to R9 497 050. Examples of such property included the Sonwabile Community Centre, Transido and Mount Fletcher Youth Centre.	
	- When the use of the property was evaluated, the net effect revealed that Property, Plant and Equipment amounting to R7 313 875 was incorrectly classified as Inventory (R2 290 000) and Investment Property (R5 023 875).	
	Included in the infrastructure work-in-progress was a project amounting to R3 409 131 for the electrification of rural areas. It was however determined that these assets will be effectively controlled by Eskom and that the Municipality is only acting as agent in this regard. The expenditure has therefore been removed from work-in-progress and has been disclosed as operating expenditure. As a result of this, the grant income has also been reclassified from Capital Grant Income to Operating Grant Income.	
	It was noted that roads infrastructure with a carrying value of R2 483 579 was replaced during 2013/14. These assets were not removed from the asset register.	
	Refer to Property, Plant and Equipment - note 11	4 689 013
	Refer to Investment Property - note 12	(2 973 482)
	Refer to Inventory - note 14	(6 867 000)
	Refer to Depreciation and Amortisation - note 34	31 929
	Operating Grant Expenditure - note 40	3 409 131
	Refer to Accumulated Surplus - 1 July 2013 - note 43.01	1 710 409
	Refer to Property, Plant and Equipment - note 11	(3 860 203)
	Refer to Other Income - note 29	112 312
	Refer to Gain/(Loss) on Disposal of Property, Plant and Equipment - note 42	4 093 337
	Refer to Gain on Disposal of Investment Property - note 30	(308 735)
	Refer to Statement of Financial Performance - Loss on Disposal of Land Held for Sale - note 43.09	(36 711)

		2014 R
43.07	**Receivables from Exchange Transactions**	
	The Muncipality uses the payment percentage ratio in order to determine the percentage of non-payment. The non-payment percentage per consumer is used in order to determine the debt impairment. It was however noted that the opening balance of the consumer was not taken into account during the calculations, resulting that a higher payment percentage was incorrectly calculated. Accordingly, the provision for debt impairment was understated by R661 420.	
	Refer to Taxes - note 10	(69 752)
	Refer to Receivables from Exchange Transactions - note 15	(661 420)
	Refer to Debt Impairment - note 33	(316 708)
	Refer to Accumulated Surplus - 1 July 2013 - note 43.01	1 047 880
43.08	**Receivables from Non-Exchange Transactions**	
	The Muncipality uses the payment percentage ratio in order to determine the percentage of non-payment. The non-payment percentage per consumer is used in order to determine the debt impairment. It was however noted that the opening balance of the consumer was not taken into account during the calculations, resulting that a higher payment percentage was incorrectly calculated. Accordingly, the provision for debt impairment was understated by R3 599 941 of which R1 974 095 related to 2013/14 and the remainder of R1 625 846 related to prior 1 July 2013.	
	In addition, a non-indigent consumer incorrectly received an indigent subsidy amounting to R18 259 of which R3 462 related to 2013/14 and the remainder of R14 796 related to prior 1 July 2013.	
	Refer to Receivables from Non-Exchange Transactions - note 16	(3 581 681)
	Refer to Property Rates - note 18	(3 463)
	Refer to Debt Impairment - note 33	1 974 095
	Refer to Accumulated Surplus - 1 July 2013 - note 43.01	1 611 049
43.09	**Statement of Financial Performance**	
	Collection Costs	946 743
	As previously reported	902 148
	Correction of error restatement - note	44 595
	Loss on Disposal of Land Held for Sale	-
	As previously reported	36 711
	Correction of error restatement - note 43.06	(36 711)
43.10	**Capital Commitments**	
	Capital Commitments contained the following errors:	
	- Included in Capital Commitments were internal projects of which the Municipality is the contractor. The Municipality can not have a commitment with itself and therefore these commitments have be removed. Capital Commitments were overstated by R4 429 046 in this regard.	
	- As noted in note 43.06 operating expenditure was incorrectly classified as capital expenditure. The unspent portion of this contract as on 30 June 2015 was R3 298 377. Capital Commitments were therefore overstated by this amount.	
	- Other insignificant errors amounted to R52 442.	
43.11	**Material Losses**	
	The material losses for electricity was quantified using the tariff inclusive of VAT. The amount should be quantified using the tariff exclusive of VAT. The use of the incorrect tariff resulted that material losses for 2013/14 was overstated by R259 976.	

		2015 R	2014 R
44	**RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS**		
	Surplus/(Deficit) for the year	26 284 008	(17 509 295)
	Adjustments for:		
	Reversal of Impairments	(14 795)	(5 416)
	Reversal of Debt Impairmnet	(1 800 583)	-
	(Gain)/Loss on disposal of Property, Plant and Equipment	374 137	3 680 336
	(Gain)/Loss on disposal of Investment Property	75 623	(144 831)
	Contribution from/to employee benefits - non-current	660 356	565 625
	Contribution from/to employee benefits - non-current - expenditure incurred	(324 655)	(236 784)
	Contribution from/to employee benefits - non-current - loss/(actuarial gains)	(288 255)	95 449
	Contribution to employee benefits – current	3 963 854	4 726 058
	Contribution to employee benefits – current - expenditure incurred	(3 741 642)	(3 401 822)
	Contribution to provisions – non-current	288 997	258 601
	Contribution of provisions – Allowance for Doubtful Debt	3 234 015	8 972 211
	Un-winding of deferred revenue - rental income	(193 068)	(193 068)
	Un-winding of deferred revenue - finance charges	56 000	65 965
	Bad debts written off	(330 673)	(30 382 101)
	Grants Received	150 903 969	128 754 425
	Grant Expenditure	(159 218 972)	(125 032 103)
	Depreciation and Amortisation	32 031 860	32 117 955
	Operating Surplus before changes in working capital	51 960 175	2 331 206
	Changes in working capital - Restated for prior year	2 233 542	32 449 546
	Increase in Payables from Exchange Transactions	4 443 675	4 662 643
	Increase in Taxes	(1 771 892)	(4 419 426)
	Decrease in Inventory	(131 336)	177 680
	(Increase)/Decrease in Receivables from exchange transactions	(2 037 360)	34 796 107
	(ncrease in Receivables from non-exchange transactions	1 730 455	(2 767 458)
	Cash generated by operations	**54 193 717**	**34 780 752**
45	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 17	33 052 221	23 182 407
	Bank - Note 17	751 786	1 048 990
	Cash Floats - Note 17	1 498	1 210
	Total cash and cash equivalents	**33 805 505**	**24 232 607**
46	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - note 45	33 805 505	24 232 607
	Less:	(1 612 327)	(9 881 295)
	Unspent Committed Conditional Grants - note 9	(1 612 327)	(9 881 295)
	Net cash resources available for internal distribution	**32 193 178**	**14 351 312**
47	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - note 2	68 594	343 303
	Used to finance property, plant and equipment - at cost	(68 594)	(343 303)
	Cash invested for repayment of long-term liabilities	**-**	**-**

Annuity loans at amortised cost are calculated at 17.36% interest rate, with maturity date of 30 June 2015. Capital lease liabilities at amortised cost is calculated at 7.97% interest rate, with maturity date of August 2015

		2015 R	2014 R
48	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
48.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	5 179 958	68 142 893
	Unauthorised expenditure current year - capital	-	511 082
	Unauthorised expenditure current year - operating	2 979 678	4 668 877
	Written off by Council	-	(68 142 893)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	**8 159 636**	**5 179 958**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

	Actual R	Final Budget R	Variance R	Unauthorised Expenditure R
Operating Expenditure by Vote				
Executive Council	29 933 006	32 907 437	(2 974 431)	-
Budget & Treasury	31 062 963	33 131 599	(2 068 636)	-
Corporate Services	19 692 298	22 447 966	(2 755 668)	-
Community Services	24 768 420	21 788 742	2 979 678	2 979 678
Strategic Planning & Development	6 968 581	9 111 810	(2 143 229)	-
Technical services	64 958 844	66 112 416	(1 153 572)	-
Total Expenditure	177 384 112	185 499 970	(8 115 858)	2 979 678
Capital Expenditure by Vote	-			
Executive Council	961 033	980 000	(18 967)	-
Budget & Treasury	559 419	570 000	(10 581)	-
Corporate Services	575 090	590 000	(14 910)	-
Community Services	22 850	220 000	(197 150)	-
Strategic Planning & Development	2 539 868	3 228 094	(688 226)	-
Technical services	40 072 316	45 796 195	(5 723 879)	-
Total Expenditure	44 730 577	51 384 289	(6 653 712)	-

48.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	27 763	1 018 164
	Fruitless and wasteful expenditure - current year	163 904	90 207
	Fruitless and wasteful expenditure - prior years	710 385	-
	Condoned / written off / recoverd by Council	-	(1 080 608)
	Fruitless and wasteful expenditure awaiting condonement	**902 052**	**27 763**

Incident	Disciplinary steps/criminal proceedings		
Interest charged by creditors	*Disciplinary steps have been taken.*	14 660	40 030
Workmen's Compensation penalty for late submission	*None yet.*	-	39 207
Employees' were on leave without prior approval. No unpaid leave was deducted from their salaries.	*Disciplinary steps have been taken and employees have been dismissed.*	-	10 970
Interest and penalties charged by SARS for VAT Audit - period 1 July 2009 to 30 June 2013	*None yet.*	710 385	-
Interest and penalties charged by SARS for Payroll Taxes	*None yet.*	105 167	-
Fuel dispensing losses relating to the Municipality's road construction plant.	*Investigation still underway regarding the cause of these distrubtion losses.*	44 077	-
		874 289	90 207

		2015 R	2014 R
48.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	-	1 330 773
	Irregular expenditure - current year	345 348	41 249
	Irregular expenditure - prior year	138 800	-
	Written off by Council	-	(1 372 022)
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting condonement	**484 148**	**-**

Incident	Disciplinary steps/criminal proceedings		
Non-compliance with Supply Chain Management Policy	*None*	474 227	41 249
Error in calculation of performance bonus	*None*	9 921	-
		484 148	41 249

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

For all irregular expenditure disclosed, the goods and services were received by the Municipality.

49	**MATERIAL LOSSES**		
	Electricity distribution losses		
	Kwh purchased	17 338 832	18 283 864
	Less: Kwh sold	(15 034 750)	(15 663 511)
	Kwh losses	2 304 082	2 620 353
	% Losses	13.29%	14.33%
	Average cost per Kwh unit (excl VAT)	0.7771	0.7308
	Losses in Rand Value	1 790 465	1 914 917
	As previously reported		2 174 893
	Correction of error restatement - note 43.11		(259 976)
	Restated balance		1 914 917
50	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
50.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Council subscriptions	630 259	1 252 792
	Amount paid - current year	-	(1 252 792)
	Balance unpaid (included in creditors)	**630 259**	**-**
50.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	86 471	140 761
	Current year audit fees	3 915 133	3 225 242
	Amount paid - current year	(4 001 604)	(3 279 531)
	Balance unpaid (included in creditors)	**-**	**86 471**
50.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	790 413	2 793 065
	Amounts received - current year	(8 379 060)	(8 379 060)
	Amounts claimed - current year	11 812 118	6 376 408
	VAT Receivable	**4 223 471**	**790 413**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

		2015 R	2014 R
50.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	10 751 252	9 812 578
	Amount paid - current year	(10 751 252)	(9 812 578)
	Balance unpaid (included in creditors)	**-**	**-**
50.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	919 934	-
	Current year payroll deductions and Council Contributions	14 562 798	12 115 999
	Amount paid - current year	(15 482 732)	(11 196 066)
	Balance unpaid (included in creditors)	**-**	**919 934**
50.6	**Other non-compliance (MFMA 125(2)(e))**		
	Deviations from, and ratifications of minor breaches of the Procurement Processes due to Sole Providers, Specialised Services, Emergencies and Variation Orders:		
	All the deviations were ratified by the Municipal Manager and reported to Council.		
	Section 36(1)(a)(i) - Emergencies	4 358 061	4 963 478
	Section 36(1)(a)(ii) - Single provider	2 595 708	3 369 770
	Section 36(1)(a)(iii) - Specialised services	2 983 668	6 883 038
	Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
	Section 36(1)(a)(v) - Impractical to follow official procurement process	7 444 411	2 457 295
		17 381 848	**17 673 580**
	Municipal Manager Office	2 570 589	2 808 260
	Budget and Treasury Office	5 048 233	2 879 417
	Infrastructure Planning and Development	5 526 709	6 583 485
	Corporate Services	2 699 187	1 418 080
	Strategic Planning and Development	1 128 565	502 367
	Community Services	408 565	3 481 971
		17 381 848	**17 673 580**
50.7	**Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**		
		Outstanding more than 90 days	**Outstanding more than 90 days**
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	S L Baduza	-	7 512
	T Koteli	2 170	-
	Total Councillor Arrear Consumer Accounts as on 30 June	**2 170**	**7 512**
51	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Infrastructure	8 939 690	19 859 903
	Approved and contracted for	8 939 690	19 481 520
	Tender awarded but contract not yet signed	-	378 383
	Total	**8 939 690**	**19 859 903**
	As previously reported		27 639 770
	Correction of error restatement - note 43.10		(7 779 867)
	Restated balance		19 859 903
	This expenditure will be financed from:		
	Government Grants	6 572 666	17 498 574
	Own funding	2 367 024	2 361 329
		8 939 690	**19 859 903**

		2015 R	2014 R

52 FINANCIAL RISK MANAGEMENT

The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.

(a) Foreign Exchange Currency Risk

The Municipality does not engage in foreign currency transactions.

(b) Price risk

The Municipality is not exposed to price risk.

(c) Interest Rate Risk

As the Municipality has significant interest-bearing liabilities, the Municipality's income and operating cash flows are substantially dependent on changes in market interest rates.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Municipality calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The Municipality did not hedge against any interest rate risks during the current year.

The potential impact on the Municipality's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2014 - 0.5%) Increase in interest rates	189 701	147 005
0.5% (2014 - 0.5%) Decrease in interest rates	(189 701)	(147 005)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 15 for balances included in receivables that were re-negotiated for the period under review.

	2015 %	2015 R	2014 %	2014 R
Balances past due not impaired:				
Non-Exchange Receivables				
Rates	0%	-	100%	271 877
	0%	-	100%	271 877
Exchange Receivables				
Electricity	15.74%	285 276	17.87%	543 816
Refuse	0.00%	-	1.46%	44 390
Other	84.26%	1 527 324	80.68%	2 455 743
	100%	1 812 600	100%	3 043 950

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 15 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate where applicable.

	2015 R	2014 R

The Municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the Municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Receivables from Exchange Transactions	2 776 851	3 734 507
Receivables from Non-Exchange Transactions	663 406	637 331
Cash and Cash Equivalents	33 805 505	24 232 607
Unpaid conditional grants and subsidies	46 036	607 666
	37 291 798	29 212 111

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2015				
Long Term liabilities - Finance Lease Liability	69 737	-	-	69 737
Capital repayments	68 594	-	-	68 594
Interest	1 143	-	-	1 143
Payables from Exchange Transactions	27 012 428	-	-	27 012 428
Unspent conditional government grants and receipts	1 612 327	-	-	1 612 327
	28 624 755	-	-	28 624 755
2014				
Long Term liabilities - Annuity Loans	90 022	-	-	90 022
Capital repayments	79 497	-	-	79 497
Interest	10 525	-	-	10 525
Long Term liabilities - Finance Lease Liability	209 211	69 737	-	278 947
Capital repayments	195 212	68 594	-	263 806
Interest	13 999	1 143	-	15 142
Payables from Exchange Transactions	21 805 931	-	-	21 805 931
Unspent conditional government grants and receipts	10 488 961	-	-	10 488 961
	32 594 125	69 737	-	32 663 861

		2015 R	2014 R
53	**FINANCIAL INSTRUMENTS**		
	In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:		
53.1	**Financial Assets**		
	Financial Instruments at Amortised Cost		
	Receivables from Exchange Transactions	2 776 851	3 734 507
	Receivables from Non-exchange Transactions	663 406	637 331
	Unpaid Conditional Government Grants and Receipts	46 036	607 666
	Cash and Cash Equivalents	33 805 505	24 232 607
	Total carrying amount of financial assets	**37 291 798**	**29 212 111**
53.2	**Financial Liability**		
	Financial Instruments at Amortised Cost		
	Long-term Liabilities	-	68 594
	Payables from Exchange Transactions	28 339 619	23 895 944
	Unspent Conditional Grants and Receipts	1 612 327	10 488 961
	Current Portion of Long-term Liabilities	68 594	274 709
	Total carrying amount of financial liabilities	**30 020 540**	**34 728 208**
54	**STATUTORY RECEIVABLES**		
	In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:		
	Taxes	3 906 377	1 896 572
	Receivables from Exchange Transactions	694 424	796 610
	Rates	694 424	796 610
	Traffic Fines	-	-
	Total Statutory Receivables	**4 600 801**	**2 693 182**

55 EVENTS AFTER THE REPORTING DATE

The Municipality has no events after reporting date during the financial year ended 2014/2015.

56 IN-KIND DONATIONS AND ASSISTANCE

Provincial COGTA seconded Ms Joyce Malinga to be the acting Chief Financial Officer (CFO) of the Municipality from 3 July 2014 to 31 January 2015. The new CFO, Mr Jack Mdeni, was appointed 1 July 2015.

57 PRIVATE PUBLIC PARTNERSHIPS

Council entered into a Private Public Partnership (PPP) with Interwaste (Pty) Ltd ("The Private Company") on 30 May 2013.

In terms of the PPP the Private Company will be responsible for the maintenance and operation of the landfill sites in Ugie and Maclear, as well as Mt Fletcher from 2015/16. The Municipality is still responsible for the collection of refuse at the consumers' premises.

The duration of the contract is 10 years and future estimated payments (including VAT) are set out below:

Year	Amount payable
2015/16	4 793 136
2016/17	5 080 728
2017/18	5 385 566
2018/19	5 708 715
2019/20	6 051 221
2020/21	6 414 297
2021/22	6 679 164
2022/23	7 207 122

Refer to note 38 for expenditure incurred during the current and previous financial year.

In terms of the PPP, the Private Company is required to provide their own movable assets in order to fulfill their function. The PPP does make provision for the transfer of the movable assets to the Municipality at the end of the contract. The Private Company is not required to build any new assets, but only to maintain the current assets belonging to the Municipality.

The performance of the Private Company is reviewed on an annual basis. The contract may be terminated based on non-performance. There is also no renewal clause after the 10 years.

		2015 R	2014 R
58	**CONTINGENT LIABILITIES**		
	Council do have the following contingent liabilities at the end of the financial year 2014/2015:		
	A labour related dispute was declared. The SALGBC has found in favour of the applicant and as such has instructed the Council to appoint the applicant to the position of Community Services Manager, effective June 2013. The salary backpay owed to the applicant is R3 106 900. The Municipality has taken the arbitration's award on review at the Labour Court and is awaiting a Court date. The estimated legal costs for appealing this matter is estimated at R100 000.	3 106 900	2 083 478
	A labour dispute was declared relating to unpaid employee benefits amounting to R465 892. The matter emanates from their claim for unpaid overtime and standby allowance dating back to 2002. This matter is currently pending litigation and legal costs are estimated at R10 000.	465 892	663 417
	Employees were dismissed for various counts of gross misconduct and fruitless and wasteful expenditure. A dispute has been lodged in terms of unfair dismissal and therefore reinstatement. The employees backpay claim is estimated at R920 685. This matter is still on arbitration level. Legal fees are estimated at R600 000 if this matter were to go to court.	920 685	560 000
	A company was contracted to do road repairs in Maclear, but failed to do work to satisfaction of Municipality. The Municipality rightfully retained a certain percentage of the retention fee amounting to an estimate of R950 000. The plaintiff is suing the Municipality for the retention fees. The Municipality has defended the action. The Municipality is now awaiting for its attorneys to give a response to the claim (Plea). Legal fees are estimated at R100 000.	950 000	950 000
	The Municipality has been sued by two separate plaintiffs for fire that allegedly originated from communal property registered in the name of the Municipality, which spread to the plaintiffs' properties causing damages of R100 000 and R54 000 respectively. Estimated legal fees to defend this case is estimated at R40 000. The matter has been set down for hearing on 11 September 2015.	154 000	200 000
	The Municipality has been sued by a plaintiff for damages to his vehicle amounting to R85 307. The plaintiff alludes that the damages obtained was due to the Municipality neglecting to maintain its roads. The Municipality is now awaiting for its attorneys to respond to the claim (Plea). Legal fees are estimated at R50 000, given the anticipation that this matter can go to trial.	85 307	-
	A contractor failed to fulfill its contractual obligations and therefor the Municipality, after following due process, terminated the contract in March 2014. A Summons was received on 23 September 2014 claiming for loss of profit of the said termination amounting to R1 250 000. The Municipality filed an Application challenging the Summons. The matter was recently heard, but judgement was reserved. The Municipality is awaiting judgement dated. Legal fees are estimated to be R200 000.	1 250 000	-
	Total estimated Contigent Liabilities	**6 932 784**	**4 456 895**
59	**RELATED PARTIES**		
	Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers and residents.		
59.1	**Related Party Loans**		
	Since 1 July 2004 loans to Councillors and Senior management employees are not permitted.		
59.2	**Compensation of management personnel**		
	The compensation of management personnel is set out in note 31 and 32 to the financial statements.		
59.3	**Joe Gqabi Economic Development Agency (SoC) Ltd - (JoGEDA)**		
	The Municipal Manager serves on the board of directors of JoGEDA. Transactions as disclosed in note 39 are therefor considered to be related party transactions. There were no other transactions with JoGEDA and no outstanding balances at year-end.		
59.4	**Other related party transactions**		
	The following purchases were made during the year Key Management Personnel and Officials have an interest:		
	Ganta Trading Enterprise (Spouse of Director A M Ntaba)	60 970	94 225
	Nosisanda Trading Enterprise (Niece of official Z Thuli)	12 575	34 280
	Nobongoza Trading Enterprise (Spouse of official T Klaas)	18 880	28 925
	Imbokodo Women Trading (Mother of official Tshaka)	3 900	13 975
	Siphesihle Trading (Daughter of official Sahlulo)	-	33 921
	Zilwa Contractors CC (Spouse of official Sahlulo)	-	467 108
		96 325	**672 434**

60 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

60.01 ORIGINAL BUDGET vs FINAL BUDGET

Statement of Financial Position

Total Current Assets were increased as a result of Cash and Cash Equivalents which were increased to take into account surplus cash.

Statement of Financial Performance - Revenue

Government Grant and Subsidies (Capital) were increased to take into account additional allocations from INEP (R5 200 000) as well as the approved roll over on MIG amounnting to R6 474 299.

Other Income include reserve funding for internal projects which is funded by own revenue of roll-over funds from prior years.

Statement of Financial Performance - Expenditure

General Expenses were increased to take into account additional legal fees amounting to R221 443 and a diagnostic study amounting to R900 000 which was not budgeted for in the original budget.

Cash Flow Statement

Net Cash Flow from Operating Activities were decreased to take into account the additional operating expenditure which included the legal fees and a diagnostic study.

Net Cash Flow from Investing Activities were increased as a result of the additional funding from INEP and the approval of the MIG roll over.

Operating Expenditure per Vote

Executive Council were increased to take into account additional legal fees and a diagnostic study which was not budgeted for in the original budget.

Capital Expenditure per Vote

Strategic Planning & Development has been allocated an additional funding from internal reserves in order to implement the Small town regeneration project.

Technical Services were increased to take into account the additional funding from INEP and the approval of the MIG roll over.

60.02 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Total Current Assets were less than budgeted for due to cash surplus not realising as anticipated

Total Non-current Assets were less than budgeted for due to INEP expenditure incorrectly budgeted for as capital expenditure rather than operating expenditure.

Total Current Liabilities were more than budgeted for due to Joe Gqabi District Municipality's water and sanitation account going into credit, whereby it was in debit in the previous year.

Total Non-Current Liabilities were more than budgeted for due to a change in legislation with regards to the minimum requirements for the rehabilitation of landfill site provision.

Statement of Financial Performance - Revenue

Government Grants and Subsidies (Capital) was less than budgeted for as the INEP grant was incorrectly budgeted for as a capital grant.

Operating Grants and Subsidies (Operating) were more than budgeted due to the INEP grant incorrectly budgeted for.

Reversal of Impairments were not budgeted for.

Service Charges were less than budgeted for due to indigents households increasing from 6002 to 8224.

Rental of Facilities and Equipment was less than budgeted for as equipment used for plant income was not rented out as anticipated.

In 2012, the Municipality submitted a budget to Treasury which contained a deficit. The reason for the deficit is that the Municipality budgeted for expenditure which would have been funded from own roll-over funds of the prior year. Treasury instructed the Municipality that they were not allowed to budget for a deficit and subsequently had to increase own revenue to accomodate for the roll-over funds. This practice resulted in the variance of Other Income.

Statement of Financial Performance - Expenditure

Debt Impairment was less than budgeted for due to the increase in indigent households.

Bulk Purchases were less than budgeted due to less units purchased. In the current year 17 338 832 kwh were purchased compared to 2013/14 where only 18 283 864 were purchased.

Operating Grants Expenditure was more than budgted due to the reclassification of the INEP grant expenditure.

Saving on General Expenses due to austerity measures.

Cash Flow Statement

The budgeted amount for Net Cash Flow from Operating Activities seems to be incorrect, as the net cash out flow is more than the available cash as on 30 June 2014.

Net Cash Flow from Investing Activities was less than budgeted for due to the reclassification of the INEP expenditure.

Operating Expenditure per Vote

Executive and Council were less than budgeted for due to savings on Remuneration of Councillors.

Budget and Treasury was less than budgeted for due to change in Debt Impairment. An expense was budgeted for, but an income (Reversal of Debt Impairment) was the actual result.

Corporate Services were less than budgeted for due to savings on General Expenses.

The overexpenditure on Community Services was due to staff transferred from Corporate Services, but the budget was not transferred as well.

Strategic Planning & Development were less than budgeted for due to savings on General Expenses.

Capital Expenditure per Vote

Technical Services were less than budgeted for due to INEP grant expenditure incorrectly budgeted as capital expenditure rather than operating expenditure.

60.03	RECONCILIATION BETWEEN BUDGETS DISCLOSED AND APPROVED BUDGETS	Revenue R	Expenditure R
	Original Budget		
	Budget approved by Council as per A schedules	233 685 599	194 430 699
	Rebates and indigent support budgeted as expenditure and not netted off against Revenue	(2 746 651)	(2 746 651)
	Plant Income budgeted as Revenue rather than being off-set against expenditure	(8 433 837)	(8 433 837)
	Other immaterial/rounding variances	448	630
	Total as per Statement of Comparison of Budget and Actual Amounts	**222 505 559**	**183 250 841**
	Adjustment Budget		
	Budget approved by Council as per B schedules	248 651 173	197 266 174
	Rebates and indigent support budgeted as expenditure and not netted off against Revenue	(4 368 027)	(4 368 027)
	Plant Income budgeted as Revenue rather than being off-set against expenditure	(7 398 103)	(7 398 103)
	Other immaterial/rounding variances	(786)	(7 725)
	Total as per Statement of Comparison of Budget and Actual Amounts	**236 884 257**	**185 492 319**

APPENDIX A - Unaudited
ELUNDINI LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Maturity date	Balance at 30 June 2014	Received during the period	Redeemed during the period	Balance at 30 June 2015
ANNUITY LOANS							
DBSA loan	17.36%	9004857	30/06/2015	79 497	-	(79 497)	-
Total Annuity Loans				**79 497**	**-**	**(79 497)**	**-**
LEASE LIABILITIES							
Kyocera Taskalfa 8000i	7.97%	ELM-4/031/2011-2012	31/08/2015	76 110	-	(52 018)	19 790
Kyocera Taskalfa 6550i	7.97%	ELM-4/031/2011-2012	31/08/2015	98 143	-	(67 077)	25 519
Kyocera Taskalfa 4500i	7.97%	ELM-4/031/2011-2012	31/08/2015	38 940	-	(26 614)	10 125
Kyocera Taskalfa 3500i	7.97%	ELM-4/031/2011-2012	31/08/2015	22 769	-	(15 562)	5 920
Kyocera Ecosys FS-3140MFP+	7.97%	ELM-4/031/2011-2012	31/08/2015	5 319	-	(3 635)	1 383
Kyocera Ecosys FS-6525MFP+	7.97%	ELM-4/031/2011-2012	31/08/2015	11 263	-	(7 698)	2 929
Kyocera Ecosys FS-6525MFP+	7.97%	ELM-4/031/2011-2012	31/08/2015	11 263	-	(7 698)	2 929
Total Lease Liabilities				**263 806**	**-**	**(180 302)**	**68 594**
TOTAL EXTERNAL LOANS				**343 303**	**-**	**(259 799)**	**68 594**

APPENDIX B - Unaudited
ELUNDINI LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

	Balance 1 July 2014 R	Correction of error Restatement R	Restated Balance 1 July 2014 R	Contributions during the year R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2015 R	Unspent 30 June 2015 (Creditor) R	Unpaid 30 June 2015 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
National Government Grants									
0201/1201 - EQUITABLE SHARE	-	-	-	101 878 000	(101 878 000)	-	-	-	-
7140/5401 - MUNICIPAL INFRASTRUCTURE GRANT	5 680 953	-	5 680 953	36 485 000	(1 824 250)	(40 099 213)	242 490	242 490	-
7140/5402 - INEP	-	-	-	5 200 000	(5 149 550)	-	50 450	50 450	-
7140/5404 - FINANCIAL MANAGEMENT GRANT	-	-	-	1 600 000	(1 600 000)	-	-	-	-
7140/5407 - MUNICIPAL SYSTEMS IMPROVEMENT GRANT	-	-	-	934 000	(934 000)	-	-	-	-
7140/5405 - EPWP	-	-	-	1 590 000	(1 590 000)	-	-	-	-
Total National Government Grants	**5 680 953**	**-**	**5 680 953**	**147 687 000**	**(112 975 800)**	**(40 099 213)**	**292 940**	**292 940**	**-**
Provincial Government Grants									
7140/5411 - HAWKERS STALLS	741 795	-	741 795	-	-	(741 795)	-	-	-
7140/5426 - ELUNDINI HOUSING	71 732	-	71 732	-	-	-	71 732	71 732	-
7140/5430 - HOUSING PILOT	112 508	-	112 508	-	-	-	112 508	112 508	-
7140/5432 - LIBRARY FUND	201 707	-	201 707	656 000	(517 528)	-	340 179	340 179	-
7140/5434 - BUSINESS SURVEY	74 018	-	74 018	-	-	-	74 018	74 018	-
7140/5443 - TOURISM	562 756	-	562 756	-	-	-	562 756	562 756	-
7140/5446 - LED OPEN	155 403	-	155 403	-	-	-	155 403	155 403	-
7140/5455 - MADIBA CORRIDOR	700 000	(700 000)	-	-	-	-	-	-	-
7140/5457 - DEDEA BOTTLING WATER	1 250	(1 250)	-	-	-	-	-	-	-
7140/5433 - PUBLIC WORKS	2 885 298	-	2 885 298	1 999 339	(4 884 637)	-	-	-	-
7140/5478 - ETHEMBENI HOUSING	(607 630)	-	(607 630)	561 630	-	-	(46 000)	-	(46 000)
Total Provincial Grants	**4 898 837**	**(701 250)**	**4 197 587**	**3 216 969**	**(5 402 165)**	**(741 795)**	**1 270 596**	**1 316 596**	**(46 000)**
District Municipality Grants									
7140/5461 - WARD FUNCTIONS	42 196	(42 196)	-	-	-	-	-	-	-
7140/5463 - COMMUNITY PARTICIPATION	68 684	(68 684)	-	-	-	-	-	-	-
Total District Municipality Grants	**110 880**	**(110 880)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Grant Providers									
7140/5403 - MSP	1 637 912	(1 637 912)	-	-	-	-	-	-	-
7140/5416 - VOTER STATION	299 896	(299 896)	-	-	-	-	-	-	-
7140/5422 - TOWN REGISTER	(36)	-	(36)	-	-	-	(36)	-	(36)
7140/5429 - KATLEHONG HOUSING	2 791	-	2 791	-	-	-	2 791	2 791	-
7140/5449 - LEAVE RESERVE	12 118	(12 118)	-	-	-	-	-	-	-
7140/5476 - ECDC	2 245 618	(2 245 618)	-	-	-	-	-	-	-
7140/5465 - SOCIAL DEVELOPMENT PROGRAMME	46 941	(46 941)	-	-	-	-	-	-	-
Total Other Grant Providers	**4 245 240**	**(4 242 485)**	**2 755**	**-**	**-**	**-**	**2 755**	**2 791**	**(36)**
TOTAL	**14 935 910**	**(5 054 615)**	**9 881 295**	**150 903 969**	**(118 377 964)**	**(40 841 008)**	**1 566 291**	**1 612 327**	**(46 036)**

COMPONENT A: FINANCIAL OVERVIEW

The municipality's financial overview has been categorized into the following classifications:

- Budget management
- Expenditure management
- Revenue management
- Asset and liability management
- Cash management
- Grant management

5.1 Budget management

Details	2013/14	Original budget	Adjustment budget	Actual	Overcollection/ (undercollection)/ Underspending/ (overspending)
Revenue					
Grants (operating + capital)	125 032 103	143 260 704	156 512 688	159 218 972	2%
Taxes, levies and tariffs	32 491 328	37 041 011	36 755 429	32 661 829	-11%
Other	9 740 291	42 203 844	43 616 140	11 787 319	-73%
Subtotal	167 263 722	222 505 559	236 884 257	203 668 120	-14%
Less: Expenditure	184 773 017	183 250 841	185 499 969	177 384 112	4%
Net surplus/(deficit)	(17 509 295)	39 254 718	51 384 288	26 284 008	49%
Capital expenditure	36 436 790	38 531 718	51 384 289	44 730 577	13%

There was no over-expenditure in comparison to the budget

5.2 Expenditure management

Details	30 June 2015	30 June 2014
Creditor payment period	101.5 days	94.1 days

5.3 Revenue management

Details	30 June 2015	30 June 2014
Debtor collection period (before impairment)	294.6 days	293.9 days
Debtor collection period (after impairment)	39.0 days	88.2 days
Debtors impairment provision as a percentage of accounts receivable	86.8%	70.0%
Debtors impairment provision as a percentage of goods and services rendered on credit	86.8%	70.0%
Percentage of electricity lossess incurred	13.3%	14.3%

5.4 Asset and liability management

Details	30 June 2015	30 June 2014
Current ratio	1.1 : 1	0.7 : 1
Total assets to total liabilities	7.8 : 1	7.1 : 1

5.5 Cash management

Details	30 June 2015	30 June 2014
Cash and cash equivalents as a percentage of operating expenditure	47.8%	33.0%
Creditors as a percentage of cash and cash equivalents	58.2%	77.5%
Current liabilities as a percentage of net cash inflows for the year from operating activities	71.5%	1.3%
Non current liabilities (long term debt) as a percentage of net cash inflows for the year from operating activities	24.0%	24.3%
Employee benefit obligation as a percentage of net cash inflows for the year from operating activities	7.0%	9.7%

5.6 Grant management

Details	30 June 2015	30 June 2014
Percentage of underspending of conditional grants received for the year	2.8%	10.0%

COMPONENT C: OPERATING RATIOS

Detail	Expected norm	Actual	% Variance
Employee cost	30% - 40%	40%	0.00%
Repairs and maintenance	20%	3%	85.0%
Finance charges and depreciation	10%	18%	-80.0%

- Employee cost is 33.3% and is within the expected norm.
- Repairs and maintenance is 85% below the norm of 20%, which indicates that expenditure on repairs and maintenance would have to be increased in future budgets to properly maintain Council's assets.
- Finance charges and depreciation are 80% more than the norm. This can be attributed to the higher depreciation generated as a result of the compensation of infrastructure assets in terms of GRAP.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1 (PRIOR YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF ELUNDINI LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Elundini Local Municipality set out on page xx to xx, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2013 (Act No.2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 43 to the financial statements, the corresponding figures have been restated as a result of errors corrected during the year ended 30 June 2014 that existed in the financial statements at, and for the year ended, 30 June 2013.

Unauthorised expenditure

9. Unauthorised Expenditure of R4,7 million as disclosed in note 48.1 to the annual financial statements was incurred due to overspending of the budget.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on page xx and xx does not form part of the annual financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not from part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2014:

- Key Performance Area 2: Basic Service and Infrastructure on pages x to x
- Key Performance Area 4: Financial Management and Viability on pages x to x

15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

20. Refer to the annual performance report on pages x to x; for information on the achievement of planned targets for the year.

Adjustment of material misstatements

21. Material audit adjustments in the annual performance report submitted for auditing on the reported performance information of Basic Service and Infrastructure as well as Financial Management and Viability were identified. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with laws and regulations

22. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Annual financial statements and annual report

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of capital commitments and disclosure of private public partnership were identified by the auditors in the submitted financial statement which relate to prior year and were subsequently corrected and resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

24. Reasonable steps were not taken to prevent unauthorised, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual financial statements, annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

26. Slow response to audit messages and effective leadership to deal with the issue of incurring unauthorised and fruitless and wasteful expenditure, has result in repeat compliance findings raised in this report.

27. The accounting officer did not adequately review the annual financial statements and annual performance report before submitting them for auditing, the misstatements were identified by auditors and were subsequently corrected by the municipality.

Financial and performance management

28. The municipality did not adequately implement processes to monitor compliance with the respective legal and regulatory requirements. As a result the municipality thus incurred unauthorised, fruitless and wasteful expenditure and did not comply with the MFMA.

Auditor - General

East London

30 November 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -0 (CURRENT YEAR)



Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Elundini Municipality

Audit Report

For the year ended 30 June 2015

Report of the auditor-general to The Eastern Cape Provincial Legislature and the council on Elundini Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Elundini Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 43 to the financial statements, the corresponding figures have been restated as a result of errors corrected during the year ended 30 June 2015 that existed in the financial statements at, and for the year ended, 30 June 2014.

Unauthorised expenditure

9. Unauthorised Expenditure of R2,9 million as disclosed in note 48.1 to the annual financial statements was incurred due to overspending of the budget.

Additional matter paragraph

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

11. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not from part of the audit of the financial statements and accordingly I do not express an opinion thereon

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2015:

    - Key Performance Area 2: Basic Service and Infrastructure on pages x to x
    - Key Performance Area 4: Financial Management and Viability on pages x to x

15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected key performance areas, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on page(s) x to x for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Basic Service and Infrastructure as well as Financial Management and Viability. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

22. The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Expenditure management

24. Reasonable steps were not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

26. Slow response to audit messages and ineffective leadership to deal with the issue of incurring unauthorised, irregular and fruitless and wasteful expenditure, has result in repeat compliance findings raised in this report.

27. The accounting officer did not adequately review the annual performance report before submitting for auditing as there were misstatements identified by auditors and these were subsequently corrected by the municipality.

Financial and performance management

28. The municipality did not adequately implement processes to monitor compliance with the respective legal and regulatory requirements. As a result the municipality thus incurred unauthorised, irregular, fruitless and wasteful expenditure and did not comply with the MFMA.

Auditor - General
East London

30 November 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT C: AUDIT RESPONSE PLAN

EXCEPTION REF	FINDINGS	RESPONSIBLE PERSON	TIMEFRAME	REMEDIAL ACTION
EX.3	The performance of a section 57 manager with an employee number 1275 was evaluated and scored a total performance score of 117 which meant that the manager was entitled to a 3% bonus per the bonus table as per the performance contract. The employee was, however, incorrectly paid a bonus of 4% per the consultant's report which was approved by the council. This has resulted in an overpayment of R9, 920.72 to the employee. This amount must be recovered from the individual concerned.	MM	30/6/2016	• Arrangements have been made with the affected employee and the overpayment is being recovered until 30 June 2016 • There will be a thorough review of reports submitted by consultants to ensure that inaccuracies are dealt with.
EX.31	A sample of suppliers did not declare that their employees have an interest in their companies. In addition the declarations of interest from the said employees were not submitted for audit to confirm if they have interest in the respective suppliers. A sample of suppliers did not declare that their employees were employed by the state.	CFO	Annually 30/11/2015	• Annually service providers will be asked to update their details, including MBD forms, where suppliers disclose their interest. • Suppliers whose have been found to have links with the service of the state have been discontinued, and will continue to do so on all newly

				identified suppliers.
EX.34	The municipality did not obtain at least three written quotations before awarding contract number ELM-3/035/2014-2015 and a reason for the deviation was not provided as required by the Regulation.	CFO	09/04/2015	Deviations forms are completed whenever less than three quotes have been obtained for amounts in excess of R 2000.
EX.12	An invoice for Eskom was not paid within the due date and interest was charged on the late payment.	CFO	30/09/2015	All invoices are paid within 30 days from the date of receipt to avoid incurrence of interest.
EX.9	The accounting policies on property, plant & equipment, investment property, inventory, provision for task implementation, and changes in accounting policies, errors & estimates were not consistent with the prior year.	CFO	Annually by 31 July	Management will review financial statements annually prior to submission for compliance with applicable laws and regulations
EX.25	Some contingent liabilities could not be confirmed by attorney's confirmations as a result we were unable to confirm the existence and completeness through other means.	CFO	Annually by 30 June	All contingent liability figures to be accompanied by supporting documentation

EX.33	The municipality did not notify the Auditor-General, the relevant provincial treasury and the National Treasury of the reasons for deviating from recommendation made by the BAC and BEC committee relating to the tender for Development and Implementation of a Revenue enhancement and Debt reduction Programme.	CFO	For each award	Auditor General, National and Provincial Treasuries will be notified on each and every award that is not recommended through the normal SCM processes
EX.58	A difference was noted between the prior year AFS amount and the current year AFS amount for material losses.	CFO	Annually by 31 July	All prior year figures will be reviewed for any changes
EX.41	The amount in respect of the contract for Network Upgrade Maclear (Clearview and Cesnock) per the commitment register does not agree to the adjusted contract amount.	CFO	Monthly	The commitment register will be reviewed by SCM Manager and CFO
EX.1	While performing the audit it came to our attention that the municipality's Uniclox clocking system does not generate exception reports. The municipality relies on time reports generated by system which are manually reviewed by personnel practitioner on the date she notices inconsistency on the data (clocking details). Furthermore there is lack of segregation of duties as the personnel practitioner is performing incompatible functions as she is responsible for capturing all the time reports on Payroll, reconciling and reviewing of the reports for Ugie, Maclear and Mount Fletcher.	CSM	30/06/2016	Uniclox will be upgraded to issue out exception reports Segregation of the duties will be reviewed in due course.
EX.14	Some employees were paid overtime during the current year which accrued to them in the previous financial year.	CSM	May 2016	Employees and line managers will be informed to submit their overtime claims timeously.
EX.15	There were discrepancies on the overtime paid to some employees, based on the hours as per the approved application to work overtime and the rate per employee.	CSM	May 2016	Checks and balance will be put in place so that reconciliation of overtime

				can be done prior to payments are made (Segregation of duties).
EX.19	Some employees went on leave before it was approved.	CSM	Continuous	Leave management to be made a standing item on information sharing sessions and management meetings so that employees are made fully aware of the importance thereof.
EX.21	Some employees have rental agreements but there is no evidence of them paying rent to the municipality as per lease agreement.	CFO	Monthly	Manager Assets will review that rentals have been correctly billed
EX.23	A councillor's arrear consumer account was incorrectly disclosed in the annual financial statements as zero.	CFO	Annually by 31 July	Management will review financial statements for any errors
EX.24	During the year under review the municipality did not conduct midyear or second quarter performance assessments for assistant managers as required by the municipality's performance management policy.	CSM	June 2016	Automated Performance Management System will be introduced by June 2016.
EX.47	Leave provision at year end was incorrectly calculated for some employees.	CSM	Continuous	Leave Management will be made a standing item whenever there are engagements will labour and in the management meetings.
EX.2	1. The Municipality does not have formal backup and data retention strategies in place (IT Service continuity controls) to ensure the availability and recoverability of financial systems in instances of data loss or a disaster.	CSM	Feb 2016	Backup policy and Disaster Recovery Plan are in place.

	2. There were weaknesses identified regarding the management of backups at the municipality as there was no evidence in place to verify that backups were kept safely at an offsite location		April 2016	• Sebata financial system is doing its own backup and it will be engaged so that the municipality is able to obtain their back-up logs; • A site for offsite backup has been identified and will be established.
EX.32	Some contracts were not properly and timeously monitored by the municipality which resulted in the extension of the duration of the contract and others even the amount was increased. These contracts were incomplete at year end.	CFO	Monthly	The SCM Manager and CFO will review the progress on the implementation of contracts
EX.49	The following findings were identified during the review of the contract register of the municipality to date: 1. No reviews are performed on the contract register to determine the extent of accuracy and completeness of information captured on the register, as the register is in excel and it contains lots of errors, including tenders a tender that was advertised before specification date, a tender that was advertised after the closing date, and some tenders that didn't have various action dates.	CFO	Monthly	The SCM Manager and CFO will review the contract register for accuracy and completeness
EX.50	The following findings were identified during the review of the contract register for quotations for R30 000 and above of the municipality to date: 1. 1. Proper reviews and monitoring are not performed on the contract register to determine the extent of accuracy and completeness of information captured on the register, as the register is in excel and it contains lots of errors and gaps (as detailed in point 2 below). 2. 2. The following errors were identified: (i) Contract date signed- The date that the contract or SLA was signed is not included on the register (ii) Award date – The award date of the service or contract is not included on the	CFO	Monthly	The SCM Manager and CFO will review the contract register for accuracy and completeness

	Register (iii) Register is not complete – The deviations (date of advert and date of tender closed) these are blank on the register (iv) The project start and project end date are hidden on the register and are not completed to allow the municipality to perform monitoring of the quotations and assess the status of the quotations or awards issued. (v) Two further contracts had illegible dates on the award letter.			
EX.51	While performing the record management assessment the following internal control deficiencies were noted: • Management action plan submitted was incomplete • SCM contract registers were not reviewed for accuracy and completeness • PY finding not addressed. Completed projects included in the commitment register. • Irregular expenditure increased from R 41 249 in 2013/14 period to R 187 931.52 in the current period. • Fruitless and wasteful expenditure increased from R 90 207 for the 2013/14 to R 109 739.81 in the current financial	CFO	Monthly	Preventative measures will be instituted to avoid incurrence of irregular and fruitless & wasteful expenditure.
EX.18	Section 5.7.1 of the Municipal SCM guide for AOs issued by National Treasury states that, if the assignment includes an important component for training or transfer of knowledge and skills, the Terms of Reference (TOR) should indicate the objectives, nature, scope and goals of the training programme, including details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements. The cost for the training programme should be included in the consultant's contract and in the budget for the assignment. The following internal control deficiencies relating to the appointment of consultants: 1. Measures to monitor the transfer of skills were not implemented between Mubesko and Elundini Municipality 2. There was no evidence submitted which outlines the employee that have been identified for training or were available to attend the training programme for the services rendered by Mubesko.	CFO	On each award with training	The objectives, nature, scope and goals of the training programme, including details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements will be included in the terms of reference on all contracts that require training

	3. There was no formal evidence that skills have been transferred by Mubesko to employees of Elundini Municipality.			
EX.26	Infrastructure assets could not be verified on the GIS system as a result alternative measures were implemented, because the system was upgraded during the year under review and all assets were not integrated into the upgraded version. This resulted in the GIS system not being complete.	SPED	June 2016	Strategic planning will lead a process which will ensure that GIS functions relating to assets and its evaluation is gradually transferred to Finance so that it can be properly integrated and updated.
EX.28	Input VAT was incorrectly claimed by the Municipality for work in progress additions for the Mount Fletcher Craft Centre as one of the requirements listed above was not met for some invoices.	CFO	28/02/2016	VAT training for all affected employees has been scheduled for the month of February 2016.
Ex.6	The following deficiencies were noted during the physical stock count that was held at 30 June 2015: 1. The stock count instruction did not include the names of the employee(s) who are responsible for supervising the count (counters and supervisors). 2. Some items were selected from the floor and traced to the stock sheet and to the system and were not recorded or were recorded at the incorrect quantities.	CFO	28/02/2016	An inventory and assets maintenance manuals closing all the gaps will be compiled and circulated to Assets Section staff for implementation. Regular reviews will be conducted.
EX.5	Movable assets disclosed in the annual financial statements have been overstated as motor vehicles disposals were disclosed at zero whereas on the fixed asset register the same vehicles were recorded as being disposed with values.	CFO	Annually by 31 July	Financial statements will be reviewed for errors
EX.56	During the audit of property, plant and equipment, noted that the municipality did not perform monthly reconciliations between the fixed asset register and the general ledger for the financial year ended 30 June 2015.	CFO	31/12/2015	An asset management system has been acquired and is being implemented to enable

				monthly reviews to be carried out
EX.57	During the audit of property, plant and equipment, it was noted that the municipality did not perform monthly reconciliations between the fixed asset register and the general ledger for the financial year ended 30 June 2015.	CFO	31/12/2015	An asset management system has been acquired and is being implemented to enable monthly recons to be carried out
EX.22	Some Construction contracts were not registered within 21 days on the CIDB Website.	CFO	30/09/2015	One of the SCM practitioners has been assigned with a username and password for accessing CIDB website. Adverts are being placed on this website 3 days before the newspaper advert so that they coincide on display.
EX.46	Some payment vouchers were not paid within the prescribed time which is within 30 days after the invoice was received by the municipality:	CFO	30/09/2015	All invoices eligible for payment are paid within 30 days from the date of receipt.
EX.52	The following weakness was identified while auditing the payment request number 15028180 for Kantera Trading Enterprise dated 29/11/2014 for an amount of R194, 800.00: > No paid stamp which shows the date the payment has been effected and therefore it cannot be easily determined if the payment was made at the required	CFO	30/09/2015	All invoices eligible for payment are paid within 30 days from the date of receipt.

<table>
<tr><td>EX.7</td><td colspan="4">An amount of R57 781.14 has not been reconciled to the correct receivable accounts at year end, therefore resulting in a "unknown deposits" balance of R109 571 at year end.</td><td>CFO</td><td>31/12/2015</td><td>Unknown deposits are being followed up and cleared on a monthly basis. The bank is consulted to provide depositor’s details. Only when the bank does not have details of the depositor that an amount will be posted into “unknown deposits”.</td></tr>
<tr><td>EX.17</td><td colspan="4">The following inconsistencies were identified:
1. 1. KPA 2: Basic Services
The strategic objectives were different between the IDP, SDBIP and APR as per the table below:

2. 2. KPA4: Municipal Financial Viability and Management
There were two planned strategic objective as per the IPD and SDBIP and three reported objectives as per the APR, refer to the table below:</td><td>SPED</td><td>Quarterly</td><td>Continuous monitoring and APR alignment is in place</td></tr>
<tr><td>EX.35</td><td colspan="4">No audit evidence was submitted for the following indicators:</td><td></td><td></td><td></td></tr>
<tr><td></td><td colspan="4">INFRASTRUCTURE PLANNING AND DEVELOPMENT</td><td rowspan="4">IPD</td><td></td><td></td></tr>
<tr><td></td><td>No</td><td>Indicator number</td><td>Indicator</td><td>Actual reported</td><td></td><td></td></tr>
<tr><td></td><td>1</td><td>Indicator number 2.1.8</td><td>Km’s roads resurfaced (chip and spray – new venture</td><td>0</td><td>Quarterly</td><td>Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into Poe file</td></tr>
<tr><td></td><td>2</td><td>Indicator number 2.1.7</td><td>Km’s roads re-gravelled,</td><td>9.2</td><td>Quarterly</td><td>Evidence will be stated</td></tr>
</table>

			patch gravelled or constructed per annum utilising Construction Plant with SLA Funding				correctly in the file
	3	Indicator number 2.1.2	Number of households electrified (2014/2015)	100%		Quarterly	Evidence will be stated in numbers in the POE file
EX.36	The following indicators did not have sufficient audit evidence submitted:						
	Various Infrastructure and Development Planning indicators				IPD	quarterly	Required evidence will be provided as indicated in the evidence framework.
	A Budget & Treasury Office indicator				CFO	31 August 2015	On a monthly basis lists of indigent beneficiaries are attached to the summary report and reviewed by CFO
	Various Infrastructure and Development Planning indicators					quarterly	Required evidence will be provided as indicated in the evidence framework.
	Various Community Services indicators				MM	30/6/2016	A Community Services Manager will be appointed to be in charge of the departmental SDBIP
EX.39	The following planned targets and the actual reported achieved targets are not consistently reported. The reported targets cannot be measured against the planned targets:						
	No	**Department**	**Indicator**	**Planned**	**Reported**	**Comment**	

				target	**target**				
	2.2.1	Institutional	Land fill sites, [Development of the Integrated Waste Management Plan]	1	Service provider appointed	Reported information is not talking to the planned target , we cannot Measure	CMSM	31/12/2015	The IWMP has since been developed and submitted for Council approval
	2.1.2	IDP	Number of households electrified (2014/2015)	1000 (289)	100%	In the APR it says not all were completed yet 100% is reported	IPD	Quarterly	Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into POE file
	2.1.12	IDP	Maintenance (Pressure Jetting) of existing storm water facilities	4km	4955.46m	Target is planned in KMs but it is reported in meters	IPD	Quarterly	Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into POE file
EX.40	The following targets were incorrectly reported in the Annual Performance Report:						IPD		
	No	**Department**	**Indicator**	**Reported target**	**Audited target**	Comment		Quarterly	
	2.1.9	IDP	Km's DR Gravel Roads AC Gravel Roads maintained through maintenance	305.57	333.87	Casted the quarterly achievements targets incorrectly			

			blading						
	2.1.3	IDP	% electricity of distribution losses	TA	TN	APR documented as Target achieved whereas it was not achieved			
EX.42	The following indicators did not have sufficient audit evidence submitted:								
	No	**Department**	**Indicator**	**Actual reported**	**Comment**		CFO	Quarterly	Sufficient audit evidence will be submitted
	1	Institutional SDBIP	4.1.1: Cost Coverage in months	1	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator				
	2	Institutional SDBIP	4.1.2: Outstanding service debtors to service income ratio (Total outstanding service	116%	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and				

			debtors / annual revenue collected for services)		Completeness of the indicator			
	3	Institutional SDBIP	4.1.3: Debt coverage (Total operating revenue received less operating grants/ debt service payments (interest and redemption) due within a financial year	623 times	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
	4	IDP	4.2.2: % expenditure on all infrastructure grants (INEP&MIG)	99% MIG 100% INEP	Only received 1 expenditure report relating to MIG expenditure and nothing was received on INEP expenditure therefore we could not confirm Validity, Accuracy and completeness of the indicator			
	5	BTO	4.2.7: % Collection Rate	79%	Information submitted could not be traced to the AFS or any supporting			

					documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
	6	BTO	4.1.1: Percentage of the approved cost strategy implemented.	60%	Only 2013 cost containment strategy compiled by Sheldon William Goodall was submitted for this indicator but there is no calculation to substantiate the 60% achieve therefore we not could not confirm accuracy.			
	7	BTO	4.2.6: Net debtors	509 days	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
EX.45	The planned targets per the SDBIP and APR were not achieved and there were no documented explanations or reasons for the non-achievement on the APR.					IPD	Quarterly	Valid reasons and explanations will be

	1. KPA 2: Basic Service: Infrastructure, Planning and Development 2. KPA 4: Financial Viability Infrastructure, Planning and Development						documented
EX.37	Debtors with overdue accounts did not have their services discontinued or handed over for collection. The following debtors were identified:				CFO	Monthly	The process followed will be clearly documented
	No	**Debtor name**	**Outstanding amount**	**Account no**			
	1	CHAMPION CHICKEN	25 596.90	S05903			
	2	MACLEAR HIGH SCHOOL (SWIMMING POOL)	12 957.66	500559			
	3	BONGANI PRE- SCHOOL	12 510.91	S01111			
	4	GHU	25 317.19	S01555			
	5	MANGISA	34 492.47	2533			
EX.38	The latest municipal account was not attached to the application form for the following debtors:				CFO	Monthly	Municipal accounts will be attached
	No		**Account no**	**Debtor name**			
	1		S02975	M Sirwayi			
	2		S00048	NJ Madini			
	3		S00052	M Dyantyi			
	4		S00055	MG Khaile			

	5		S05771	PP Xhego			
	6		S05773	N Qantsi			
	7	CFO	S00065	N Nombula			
	8		S00071	M Njani			
	9		S05776	NP Likhalo			
	10		S00085	Z Cimela			
EX.43	The municipality did not prepare a supplementary valuation roll for the 2014/15 financial year and the valuation roll was not updated. The Municipal Property rates act 6 of 2004 changed and amendments was only affected in December 2014. This amounts to non-compliance with the Municipal Property rates act 6 of 2004.				SPED	31/01/2016	Strategic planning will lead a planning process working with Finance and a 3 year appointed valuer to ensure that supplementary valuation roll is done on time.
EX.55	Interest as per the bank confirmations do not agree to the interest disclosed in the annual financial statements.				CFO	30/06/2016	The municipality will also send its own confirmations and ensure that confirmations reconciled to reported figures

APPENDIX A – COUNCILLORS; WARD AND/ OR PARTY REPRESENTED AND COUNCIL ATTENDANCE

The Council had 8 scheduled meetings, including both ordinary and special council meetings. The table below depicts the attendance of councillors to the council meetings:

COUNCIL MEMEBERS	FULL TIME/PART TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non-attendance	% Council meetings attendance
Nonkongozelo Ruth Lengs	FT	African National Congress	7	1	88%
Mzukhona Bomela	FT	African National Congress	8	0	100%
Fanisile William Ngayeka	PT	WARD 1	5	3	63%
Thamsanqa James Pikinini	PT	WARD 2	8	0	100%
John Msati Klaas	PT	WARD 3	5	3	63%
Kgotsofaditse Mgijima	PT	WARD 4	5	3	63%
Bandile Nicolas Nqodi	PT	WARD 5	5	3	63%
Chris Nkululeko Mfecane	PT	WARD 6	8	0	100%
Nonceba Ladyfreigh Motema	PT	WARD 8	7	1	88%
Mzoxolo Marubelela	PT	WARD 9	7	1	88%
Mzukisi Elliot Tabana	PT	WARD 10	7	1	88%
Vuyisile Victor Majikijela	PT	WARD 11	8	0	100%
Nompumelelo Queen Lebenya	PT	WARD 12	6	2	75%
Sarah Nosindabantu Mdlazi	PT	WARD 13	7	1	88%
Ntombizanele Ntaopane	PT	WARD 14	8	0	100%
Zoliwe Lilly Thwethiso	PT	WARD 16	7	1	88%
Vuyiswa Ntuthu	PT	WARD 17	7	1	88%
Letticia Baduza	PT	African National Congress	6	2	75%
Thlokomelo Lehata	PT	African National Congress	6	2	75%
Lonwabo Magqashela	PT	African National Congress	6	2	75%
Manthuseng Grace Moni	PT	African National Congress	6	2	75%
Dumisani David Mvumvu	PT	African National Congress	3	5	38%

Mathabang Lilian Naketsana	PT	African National Congress	8	0	100%
Mamello Leteba	PT	African National Congress	6	2	75%
Nontuthuzelo Nkalitshana	PT	African National Congress	7	1	88%
Vuyelwa Ethel Zililo	PT	African National Congress	7	1	88%
Tshokolo John Koteli	PT	African Independent Congress	8	0	100%
Manonyana Tsoananyana	PT	African Independent Congress	8	0	100%
Aaron Mlamli Mqamelo	PT	United Democratic Movement	4	4	100%
Taleli Moris Heisi	PT	United Democratic Movement	4	4	50%
Lulamo Pili	PT	Democratic Alliance	6	2	75%
Johannes Mohapi	PT	Democratic Alliance	4	4	50%
Gwebibango Sotsu	PT	ANC	7	1	88%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Below is the list of both Section 79 and 80 Committees that the municipality had during the year under review:

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Type of Committee	Municipal Committees	Purpose of Committee
Section 80	Corporate Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Corporate Services functions
Section 80	Community Services Portfolio committee	The purpose is to provide the EXCO and Council with reports on all Community Services functions
Section 80	Financial Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Financial Services functions
Section 80	Infrastructure Planning and Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Infrastructure Planning and Development functions
Section 80	Strategic Planning and Economic Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Strategic Planning and Economic Development functions
Section 79	Mandate Committee	The purpose of this Committee is to serve as a mandating structure for the representatives of the Elundini Municipality appointed to serve in the municipal council of the JGDM
Section 79	Remuneration Committee	The purpose is to ensure that remuneration is handled according to the stated policy and that the procedure and consistence approach is maintained.
Section 79	Municipal Public Accounts Committee	The purpose is to exercise oversight over executive functionaries of Council and ensure good governance in the municipality.
Section 79	Strategic Governance Committee	The purpose is to ensure that the municipality is operating in a transparent and accountable way and to also ensure that it is a suitable organisation which is clear of its contribution to its local people.
Section 79	Members' Interests and Ethics Committee	The purpose is to establish and promote ethical conduct

		standards for municipal officials and members of the Council. To outline certain roles of conduct so that they carry out duties, powers and function impartially and in dignity
Section 79	Budget Steering Committee	The purpose of this committee is to provide technical assistance to the Mayor in discharging his or her duties as provided for in the Municipal Finance Management Act No 56 of 2003.

Below are the tables reflecting members of Section 79 and 80 Committees and their portfolios:

SECTION 79 COMMITTEES

	MEMBERS	PORTFOLIO
MANDATE COMMITTEE	1. Cllr. Mfecane C. N.	**Chairperson**
	2. Cllr. Leteba M.P	Member
	3. Cllr. Lehata T. J.	Member
	4. Cllr. Nkalitshana	Member
	5. Cllr. Tsoananyana M	Member
	6. Nkosi Sejosengoe T. J.	Member (Traditional Leader)

REMUNERATION COMMITTEE	**1. Cllr. Nkalitshana N.**	**Chairperson**
	2.	Member
	3. Cllr. Thwethiso Z.L.	Member
	4. Cllr. Pili L.	Member
	5. Cllr. Ntuthu V.	Member
	6. Nkosi Moshoeshoe M.S.	Member (Traditional Leader)
	7. Nkosi Sibizo C.Z.	Member (Traditional Leader)

MUNICIPAL PUBLIC ACCOUNTS	**1. Cllr. Magqashela L. B**	**Chairperson**
	2. Cllr. Moni G. M.	Member
	3. Cllr. Naketsana M. L.	Member
	4. Cllr. Heisi M.	Member

COMMITTEE	5. Cllr. Motema N. L.	Member

STRATEGIC GOVERNANCE COMMITTEE	**1. Cllr. Lengs N. R.**	**Chairperson**
	2. Cllr. Marubelela M.	Member
	3. Cllr. Mdlazi	Member
	4. Cllr. Zililo E. V.	Member
	5. Cllr. Pikinini T. J.	Member
	6. Cllr. Koteli T. J.	Member
	7. Cllr. Ntuthu V	Member
	8. Nkosi Setloboko M. C.	Member (Traditional Leader)
	9. Nkosi Lebenya L. S.	Member (Traditional Leader)

MEMBERS' INTERESTS AND ETHICS COMITTEE	**1. Cllr. Klaas J. M.**	**Chairperson**
	2. Cllr. Baduza L. S.	Member
	3. Cllr. Mqamelo A. M.	Member
	4. Cllr. Majikijela V. V.	Member
	5. Cllr. Lehata T. J.	Member
	6. Cllr. Thwethiso Z. L.	Member
	7. Cllr. Tabana M. E.	Member
	8. Cllr. Tsolo A T T	Member
	9. Cllr. Moore M. R.	Member
	10. Nkosi P. Ntaba	Member (Traditional Leader)
	11. Nkosi L. N. Mabandla	Member (Traditional Leader)

SECTION 80 COMMITTEES

	MEMBERS	**PORTFOLIO**
CORPORATE SERVICES PORTFIOLIO COMMITTEE	**1. Cllr. Lehata T. J.**	**Chairperson**
	2. Cllr. Klaas J.M.	**Whip**
	3. Cllr. Zililo E.V.	Member
	4. Cllr. Lebenya Q.N.	Member
	5. Nkosi T.J. Sejosengoe	Member (Traditional Leader)
	6. Nkosana C. Z. Sibizo	Member (Traditional Leader)

COMMUNITY SERVICES PORTFOLIO COMMITTEE	**1. Cllr. Baduza L.S.**	**Chairperson**
	2. Cllr. Pikinini T.J.	**Whip**
	3. Cllr. Thwethiso Z.L.	Member
	4. Cllr. Ntaopane N.G.	Member
	5. Cllr. Mvumvu D	Member
	6. Cllr. Mohapi J	Member
	7. Nkosi L. S. Lebenya	Member (Traditional Leader)

FINANCIAL SERVICES PORTFOLIO COMMITTEE	**1. Cllr. Mqamelo A.M.**	**Chairperson**
	2. Cllr. Marubelela M	**Whip**
	3. Cllr. Mdlazi S. N	Member
	4. Cllr. Nqodi	Member
	5. Cllr. Pili L.	Member
	6. Nkosi Setloboko M.C.	Member (Traditional Leader)

INFRASTRUCTURE PLANNING AND DEVELOPMENT	**1. Cllr. Leteba M.P.**	**Chairperson**
	2. Cllr. Sotsu G	**Whip**
	3. Cllr. Mfecane C. N.	Member
	4. Cllr. Ngayeka F. W.	Member
	5. Cllr. Koteli T. J.	Member
	6. Nkosi Moshoeshoe M. S.	Member (Traditional Leader)

STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE	**1. Cllr. Mgijima K.A.**	**Chairperson**
	2. Cllr. Majikijela V. V.	**Whip**
	3. Cllr. V. Ntuthu	Member
	4. Cllr. Tabana M. E.	Member
	5. Cllr. Tsoananyana M	Member
	6. Nkosi Ntaba P.	Member (Traditional Leader)
	7. Nkosi Mabandla N. L.	Member (Traditional Leader)

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

Below is the list of functions performed by the Elundini Municipality as defined in terms of the Local Government: Municipal Structures Act as amended:

FUNCTION	JGDM	ELM
SCHEDULE 4 PART B		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X
Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
SCHEDULE 5 PART B		
Beaches and amusement facilities		
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		X

Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	X

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

The municipal Audit Committee had, from 25 August 2014 to 22 June 2015, held four meetings as per its schedule during the under review. Below were the items discussed and their resolutions:

Date of meeting	Items	Committee recommendations during the year under review	Recommendations adopted (Yes or No, if not adopted provide explanation)
25 August 2015	Presentation of draft annual financial statements of the Elundini Municipality for the year ended 30 June 2014	To the note financial statements	Yes
	Progress report with the reduction of electricity distribution losses	✓ To note the report ✓ Internal Auditors must check the percentage that is on the financial statements if it is correct ✓ IPD and BTO must agree on a method to use for calculations ✓ To confirm if the Joe Gqabi District Municipality gets billed for electricity consumption in the pump stations	Yes
	Risk Management Report	To note the report	Yes
	Progress report on the spending of the capital budget 2013/2014 financial year	To note the report	Yes
	Report on the implementation of the Regulations on the	To note the progress report	Yes

	Standard Chart of Accounts(SCOA)		
	Tabling of internal audit reports	To note the report	Yes
	One year operational internal audit plan	To approve the plan	Yes
	Presentation of the Audit Planning Strategy	To note the plan	Yes
	Presentation of the draft annual report for the year ended 30 June 2014	To note the report	Yes
	Presentation of the annual audit committee statement	To note the statement	Yes
	Executive session with the Auditor General	To reschedule the executive session with the AG to the next meeting	Yes
			Yes
24 November 2014	Internal Auditors to check the correctness of the percentage of electricity distribution losses stated in the annual financial statements at 13% for the 2013/2014 financial year	✓ That the IP & D Manager, the Chief Financial Officer should meet and resolve the grey areas, with the assistance of the internal audit unit ✓ At the next meeting, there must a full report giving a clear direction that will indicate that the matter has been resolved and is being implemented	Yes
	The Infrastructure Planning and Development department and the financial services	✓ That the IP & D Manager, the Chief Financial Officer should meet and resolve the grey areas, with the assistance of	Yes

	department to agree on a method to be used for calculation of electricity distribution losses	the internal audit unit At the next meeting, there must a full report giving a clear direction that will indicate that the matter has been resolved and is being implemented	
	To confirm if the Joe Gqabi DM gets billed for electricity consumption in the pump stations	That the outstanding meter will be investigated and billed	Yes
	Progress with the appointment of a Chief Financial Officer	The Mayor, MPAC chair and Finance chair should utilize available political and governance platforms to lobby for the resolution of the impasse relating to the appointment of the CFO of the Elundini Municipality.	Yes
	Status of rollover applications on unspent conditional grants at 30 June 2014	To note the report	Yes
	Tabling of the management report and draft audit report for the 2013/2014 financial year.	To note the report	Yes
	Tabling of report: (i) Progress report with the reduction of electricity distribution losses	To note the report	Yes
	(ii) Risk Management Report	To note the report	Yes
	(iii) Progress report on the spending of the capital	To note the report	Yes

	budget 2013/2014 financial year		
	(iv) Report on the implementation of the Regulations on the Standard Chart of Accounts(SCOA)	✓ To note the report ✓ Internal Auditors to add it to the risk register as an emerging risk	Yes
	(v) Report on the status of ICT systems	To note the report	Yes
	Tabling of internal audit reports: (i) Progress report on the implementation of the internal audit plan	✓ To NOTE the report ✓ To change the dates for the IT Governance and Public Amenities to March 2015, considering all the work that still needs to be done.	Yes
	(ii) Performance information review report – June 2014	To note the report	Yes
	(iii) Dashboard review – September 2014	To note the report	Yes
	Executive Session with Management	The CONLOG issue will be taken up with the Auditor General at the next engagement	Yes
			Yes
13 April 2015	The IP&D Manager and the CFO, assisted by the internal auditors, should meet and resolve grey areas pertaining to the calculation of electricity distribution losses and submit a full report at the next meeting	To note the report	Yes
	Billing of the Prentjiesberg sewerage meter	To note the report	Yes

	Progress with the appointment of a Chief Financial Officer	That, subject to legal advice as the Municipal Manager may obtain, the Audit Committee resolves to recommend that the Municipal Council expedites the appointment of a Chief Financial Officer	Yes
	Tabling of reports: (i) Progress report with the reduction of electricity distribution losses	✓ to note the report ✓ to ensure that those customers that were not previously billed are back billed	Yes
	(ii) Risk Management Report	To note the report	Yes
	(iii) Progress report on the spending of the capital budget 2013/2014 financial year	To note the report	Yes
	(iv) Report on the implementation of the Regulations on the Standard Chart of Accounts(SCOA)	To note the report	Yes
	(v) ICT *Report*	To note the report	Yes
	Tabling of Internal Audit Reports: (i) Progress report on the implementation of the internal audit plan	To note the report	Yes
	(ii) Performance information review report – December 2014	To note the report	Yes
	(iii) Review of the infrastructure assets	To note the report	Yes

	and additions to infrastructure assets		
	(iv) Supply Chain Management and payment of Creditors	✓ To note the report ✓ The Municipal Manager to review the deviation's register before the end of the financial year	Yes
	(v) Follow up review of fuel distribution	✓ At the next meeting of the Audit Committee, the IP & D manager must give a proper and full report on this issue, how have the grey areas been resolved and what controls put in place; ✓ The potential losses as a result of the poor controls must be quantified in the report	Yes
	(vi) Maintenance of Public Amenities	To note the report	Yes
	(vii) Human Resources and payroll review	To note the report	Yes
	(viii) Dashboard review – March 2015	To note the report	Yes
			Yes
22 June 2015	To ensure that those customers who were not previously billed are back billed	At the next meeting, there should be a comprehensive report on progress made with the billing of customers not previously billed, as well as those who may have been incorrectly billed	Yes

	Review of the deviations register before the end of the financial year	To note the report	Yes
	Presentation of proper and full report on fuel distribution, how the grey areas have been resolved and what controls have been put in place as well as quantification of potential losses as a result of the poor controls related to fuel distribution	That the presentation of proper and full report on fuel distribution, how the grey areas have been resolved and what controls have been put in place as well as quantification of potential losses as a result of the poor controls related to fuel distribution is deferred to the next meeting of the Audit Committee	Yes
	Tabling of report: (i) Progress report with the reduction of electricity distribution losses	The Municipal Manager to convene a meeting between the billing and electricity section to resolve the challenges and make sure that the figures that sit in the financial statements for the losses are the right figures and are based on correct calculation, which will translate into the disclosure of a justifiable figure for electricity distribution losses	Yes
	(ii) Risk Management Report	To note the report	Yes
	(iii) Progress report on the spending of the capital budget 2013/2014 financial year	To note the report	Yes
	(iv) Report on the implementation of the Regulations on the Standard Chart of	To note the report	Yes

	Accounts(SCOA)		
	(v) ICT Report	To note the report	Yes
	Tabling of IA Reports: (i) Progress report on the implementation of the internal audit plan	To note the report	Yes
	(ii) Performance information review report – March 2015	To note the report	Yes
	(iii) Dashboard review	Audit Committee to take up the matter of the incorrect Dash Board report with Mr. Thys de Beer	Yes
	(iv) Review of the IT governance	✓ To note the report ✓ Management to meet with the internal auditors before the expiry of their contract on 30 June 2015 to iron out the matters that in the view of management should have cleared the internal audit findings	Yes
	(v) Review of the Internal Audit Charter	To approve the Internal Audit Charter with the changes that were raised	Yes
	(vi) Review of the Audit Committee Charter	subject to the proposed changes being effect, the audit committee recommends that council approves the audit committee charter	Yes
	AGSA – Audit Planning Strategy	To note the audit planning strategy for 2014/2015	Yes

	Statement from the outgoing committee members	The report is noted	Yes
	Acknowledgement of the contribution made by the outgoing members of the Audit Committee	The report is noted	Yes

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING YEAR 0						
						R' 000
Name and Description of Project	**Name of Partner(s)**	**Initiation Date**	**Expiry date**	**Project manager**	**Value 2013/2014**	**Value 2014-2023**
Elundini Waste Management Sites	Interwaste Environmental Solutions	01/07/2013	31/06/2022	Community Services Manager	R 2, 4m	R 2.4 m - R 7.2 m

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

The table below is the list of councillors and managers on their disclosure of financial interests

DISCLOSURES OF FINANCIAL INTERESTS FOR THE PERIOD 01 JUNE 2014 TO 30 JUNE 2015														
CLLRS FULL NAMES	**SHARES & OTHER FIN INTERESTS**	**MEMBERSHIP OF CC**	**INTEREST IN TRUSTS**	**DIRECTORSHIP & PARTNERSHIP**	**OTHER FINANCIAL INTERESTS**	**REMUNERATION OUTSIDE MUNICIPALITY**	**INDEPENDENT CONTRACTOR OUTSIDE MUNICIPALITY**	**SUBSIDIES GRANTS & SPONSORSHIP**	**GIFTS, GRATITUDES & HOSPITALITY**	**INTERESTS IN IMMOVEABLE PROPERTY**	**INTERESTS IN CONTRACTS WITH ORGAN OF THE STATE**	**LOANS & OTHER OBLICATIONS OWED TO ANY PERSON OR ENTITY**	**RELATED PARTIES EMPLOYED IN OR ELECTED TO THE STATE ORGAN**	**SIGNED BY COMMISSION OF OATHS? Y/N**
LENGS, NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nosipho Lengs 1982/07/14 Elundini LM SPU Assistant Manager	YES
BADUZA, LS	Phuthuma Nathi Multi-Choice R200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
BOMELA, M	N/A	None Thembisile Skeyi Siyabonga Ngxangxa Malibongwe Skeyi TMSM Construction	N/A	Gqaqhala Agric & Multi-Purpose TMSM Construction Primary Corporative Close Corporation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES

				Arfinal deregistration										
HEISI, TM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
KLAAS, JM	N/A	N/A	N/A	Babela Mampondo Not working CC N/A	N/A	N/A	N/A	N/A	Birthday, Valentine, Father's Day, Family	Site to buy ERF100-Not transferred Site Bought 1617 Old Location Car Ford Focus DPT 100 EC R120.000 Handy Atas DYF 366EC R70.000	N/A	N/A	7209091111088 Elundini Municipality, HIV Coordinator	YES
KOTELI, T	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
LEBENYA, Q	N/A	N/A	N/A	N/A	Gov. Pension Fund Employee (G.E.P.E) R1600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
LEHATA, TJ	Investment R834 000.00 Metropolitan Momentum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Residential Dwelling 3 Bedroomed House 240 m2 Owner 19 Dolphin View Gordon's Bay	N/A	N/A	N/A	YES
LETEBA, MP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MAGQASHELA, L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES

MAJIKIJELA, V	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MARUBELELA, M	N/A		N/A	OLM Trading CC Triple Two Catering	Shop-Leased Leon Property Group	Dpt of Education Permanent R13,000.00		N/A	N/A	Shop Owner M/Fletcher	N/A	N/A	N/A	YES
MDLAZI, SN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
MFECANE, NC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MGIJIMA, K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MOHAPI, LJ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N	Yes
MONI, GM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MOTEMA, N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MQAMELO, MA	One Also a traditional healer Tavern 50% Zero Torrance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
MVUMVU, D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NAKETSANA, M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NGAYEKA, F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NKALITSHANA, N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NQODI, BN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NTAOPANE, N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
NTUTHU, V	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
PIKININI, T	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
PILI, L	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	YES
SOTSU, G	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Own House Riverlea.	N/A	N/A	N/A	YES

										JHB Renting				
TABANA, M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
THWETHISO, ZL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
TSOANANYANA, M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
ZILILO, E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES